

SKANDITEK

Industriförvaltning AB (publ)

Interim report

January 1 – June 30, 2005

- Profit after taxes amounted to SEK 374.9 m (corresponding period of the preceding year: 5.7)
- Capital gains on the divestment of portfolio companies totaled SEK 348.9 m (5.3)
- Earnings per share, excluding minority interest, amounted to SEK 6.49 (0.15)
- Cash flow during the period amounted to SEK 42.7 m (neg: 61.7)

Skanditek's operations

Skanditek is an industrial holding company with investments in Swedish companies. The Company's business concept is to generate sustainable and healthy value growth by means of industrial management of operational companies.

Investments are usually made at a stage when Skanditek can contribute business-development experience aimed at high and profitable growth.

Investment operations

In June, a restructuring of the ownership of portfolio companies was conducted through the following transactions:

- In June, Skanditek acquired the outstanding minority interest, corresponding to 30 percent, in the subsidiary G Kallstrom & Co from Inter Indu S.P.R.L, a Belgian company controlled by Christer Brandberg. The purchase consideration consisted of 7,946,745 Axis shares and 684,961 Powerwave shares. The total purchase consideration corresponded to a value of SEK 270.5 m. The capital gain on the transaction was SEK 197.3 m in the Group.
- In June, Skanditek's subsidiary G Kallstrom & Co acquired 13.1 percent of the subsidiary MYDATA automation from Christer Brandberg. The purchase consideration consisted of 2,810,212 Axis shares corresponding to a value of SEK 78.7 m. The capital gain on the transaction was SEK 57.4 m in the Group.

During the period, in addition to the above transactions, Skanditek

- Purchased shares and options in Bure Equity for SEK 83.9 m and divested shares and options in Bure Equity for SEK 82.2 m. The capital gain was SEK 33.8 m.

- Divested shares in Axis for SEK 58.7 m. The capital gain was SEK 41.1 m.
- Participated in a new issue of CMA Microdialysis shares amounting to SEK 38.2 m.

In total, Skanditek and its subsidiary G Kallstrom & Co sold Axis shares corresponding to 19.0 percent of the company's share capital during the period, following which Skanditek owns 0.7 percent of Axis.

Accordingly, investments in portfolio companies during the period (including the acquisition of the subsidiary G Kallstrom & Co) totaled SEK 472.3 m (47.3).

During the period, Skanditek divested shares and other securities in portfolio companies for a total of SEK 500.3 m (7.7).

The Group's net investments in tangible fixed assets amounted to SEK 0.8 m (0.6).

Investments after the close of the report period

- Skanditek has acquired 30.0 percent of the shares outstanding and about half of the warrants outstanding in MYDATA automation through a non-cash issue. Skanditek will issue 7,465,195 Skanditek shares with the support of the resolution taken at Extraordinary General Meeting held on July 18, which will give rise to a dilution effect of about 11 percent. After the above transactions and full dilution of the remaining warrants, Skanditek's holding in MYDATA automation will amount to 93 percent of the company's voting rights and share capital.

A summary of Skanditek's holdings in portfolio companies is presented on page 9.

Net sales and earnings

Consolidated net sales totaled SEK 312.3 m (274.8). The Group reported pretax profit of SEK 376.9 m (4.0).

The large difference in pretax profit compared with the year-earlier period was due mainly to capital gains from the sale of portfolio companies. During the period, capital gains amounted to SEK 270.5 m from Axis, SEK 43.5 m from Powerwave and SEK 33.8 m from Bure Equity. The divestments will not give rise to any tax consequences. Otherwise, earnings comprise SEK 32.3 m (15.7) from shares in the earnings of associated companies and SEK 5.6 m (0) from dividends from other companies.

In accordance with IAS 39, changes in the fair value of currency forward contracts in the subsidiary MYDATA automation had an adverse impact of SEK 26.1 m on consolidated profit.

The consolidated net profit amounted to SEK 374.9 m (5.7), of which SEK 376.3 m (8.9) was attributable to shareholders in the Parent Company, which corresponds to earnings per share of SEK 6.49 (0.15).

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 cash and cash equivalents totaled SEK 73.2 m (28.0). In addition, there were short-term investments in mutual funds and publicly traded shares with a market value of SEK 7.9 m (15.0).

Cash and cash equivalents available for investment activities (excluding portfolio companies within the Group) amounted to SEK 42.0 m (2.1) and short-term investments to SEK 7.9 m (15.0).

Interest-bearing liabilities in the Group amounted to SEK 3.4 m (15.0).

Shareholders' equity corresponded to SEK 15.03 (7.66) per share. The increase was due to certain financial instruments that must be fair valued in accordance with IAS 39. The switch to IFRS is reported in a separate appendix

The equity/assets ratio in the Group was 77 percent (80).

Listed portfolio companies

At the end of the period, the market value of the Group's shareholdings in listed portfolio companies was SEK 901.7 m, corresponding to SEK 15.54 per share. On August 24, 2005, the corresponding values were SEK 915.4 m and SEK 15.77 per share, respectively.

The book value of the corresponding holdings at June 30 was SEK 621.0 m, or SEK 10.70 per share.

Sales and earnings in major portfolio companies

Amounts in SEK millions	January – June 2005			January – June 2004		
	Net sales	Operating profit/loss	Operating margin	Net sales	Operating profit/loss	Operating margin
Bure Equity	2742.3	468.8	17.1	2,936.0	149.8	5.1
CMA Microdialysis	26.0	-6.1	-23.3	29.3	-4.0	-13.7
MYDATA automation	286.2	4.969	1.7	245.5	-6.4	-2.6
PartnerTech	1,001.1	41.1	4.1	803.2	24.0	3.0
Powerwave ¹⁾	2,526.6	125.3	5.0	1,322.7	-44.3	-3.3
Vitrolife	60.8	6.474	10.6	55.1	8.2	14.9

1) The comparative figure pertains only to Powerwave; LGP Allgon has been consolidated since May 2004.

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 during the period when the companies were owned by Skanditek, amounted to SEK 877 m (587).

Skanditek's share of the portfolio companies' operating profit/loss amounted to a profit of SEK 62 m (13).

Bure Equity's operating profit amounted to SEK 468.8 m (107.1). The earnings of Bure Equity's portfolio companies continue to improve, at the same time as Bure's financial position has been strengthened considerably. In June, Bure sold its holding in Mölnlycke Health Care, which gave rise to an exit gain of approximately SEK 350 m. Bure's new strategy entails an increased focus on long-term ownership, without a specialization on industries.

CMA Microdialysis reported net sales of SEK 26.0 m (29.3). An operating loss of SEK 6.1 m (loss: 4.0) was reported. In April, Philip Siberg became president of the company. CMA Microdialysis is currently implementing a cost-cutting program with the objective of reducing operating costs by 20 percent and thus achieving profitability. In June, a new share issue totaling SEK 38 m was implemented.

MYDATA Automation's net sales during the period amounted to SEK 286.2 m (245.5). Order bookings during the first half of the year totaled SEK 298.2 m (306.3), a year-on-year decrease of 3 percent. An operating profit of SEK 5.0 m (loss: 6.4) was reported.

The market for equipment for the electronics industry has improved during the past year. The proportion of investments in research and development amounted to 18 percent (18) of sales, for which SEK 50.5 m (44.8) was charged against

earnings during the period. Cash flow from operating activities was a negative SEK 9.6 m (neg: 23.6).

For several years, Mydata has focused a large portion of its research and development on a large project. The aim is to launch this project during the latter part of 2005.

PartnerTech's net sales during the period amounted to SEK 1,001.1 m (803.2), corresponding to an increase of 25 percent. The volume increase is organic and mainly consists of new customer projects.

In June, PartnerTech acquired KSH-Productor, a Finnish contract manufacturer. During 2004, KSH-Productor had sales of SEK 200 m. The acquisition is expected to have a positive impact on PartnerTech's earnings per share. Part of the purchase consideration consisted of newly issued PartnerTech shares, which resulted in Skanditek's holding decreasing to 37.2 percent, including warrants.

Operating profit amounted to SEK 41.1 m (28.1). The earnings upswing derived mainly from the volume increase and improved operating margins. Cash flow from operational activities was a negative SEK 23.4 m (negative: 10.3).

Powerwave's net sales amounted to SEK 2,526.6 m (1,322.7). The main reason for the sales increase is that LGP Allgon has been consolidated since May 2004. Operating profit amounted to SEK 125.3 m (loss: 44.3). Powerwave is noting increased demand within the wireless telecommunications industry.

During the period, Powerwave made an offer to acquire the American company REMEC's wireless telecommunications business area. The offer requires approval by Remec's shareholders and the authorities concerned. The acquisition will further strengthens Powerwave's product portfolio. Powerwave offers competitive "end-to-end"

infrastructural solutions for the telecommunications industry.

Vitrolife's net sales amounted to SEK 60.8 m (55.1), up 10 percent. Adjusted for currency effects, the increase was 12 percent. Operating profit amounted to SEK 6.5 m (8.2), including a capital gain of SEK 2.5 m on the sale of shares. Forceful investments in marketing, R&D and expanding production capacity were made during the period. Cash flow from operational activities amounted to SEK 1.7 m (6.2).

Parent Company

The Parent Company's net sales during the period amounted to SEK 0 m (0.0). A pretax profit of SEK 197.1 m (loss: 2.0) was reported. Profit includes a capital gain of SEK 33.4 m on the sale of shares and options in Bure Equity and a capital gain of SEK 30.2 m on the sale of Powerwave shares. A capital gain of SEK 117.8 m resulting from the restructuring of the ownership of portfolio companies was eliminated at the Group level. Otherwise, the Parent Company's results consisted of dividends and expenses for management activities.

The Parent Company's investments in portfolio companies totaled SEK 355.4 m (5.3). Sales of portfolio companies corresponded to a value of SEK 356.4 m (7.7). Investments in tangible fixed assets during the period amounted to SEK 0.4 m (0.0).

Cash and cash equivalents at the end of the period totaled SEK 2.1 m (beginning of the year: 0.6). In addition, the Parent Company had short-term investments in mutual funds and publicly traded shares with a fair value of SEK 7.9 m (beginning of the year: 8.0). Interest-bearing liabilities amounted to SEK 3.4 m (15.0). The equity/assets ratio was 92 percent (89).

Accounting principles

This interim report is compiled in accordance with IAS 34 Interim Reporting, International Financial Reporting Standards – IFRS. A detailed description of the transition to IFRS is contained in Skanditek's 2004 annual report. The accounting principles described in the annual report have been applied in this interim report. Also refer to Appendix 1, for a description of the changed accounting principles and their effects on the Company's earnings and financial position. In gradual acquisition of minority shares in partly owned subsidiarys the difference between the consideration and acquired equity accounts to equity.

Employees

The average number of employees in the Group at the end of the period was 350 (335). The Parent Company had five employees (5), who comprise the investment-management organization.

Information

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

Forthcoming financial reports

The scheduled publication dates for interim reports during 2005 are as follows:

Interim report Q3: October 31, 2005 (Note the changed date)

Interim reports and press releases are published in Swedish and English and are available on the Company's website www.skanditek.se.

Stockholm, August 25, 2005

SKANDITEK INDUSTRIFÖRVALTNING AB (publ)

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Group income statements	6 months 2005 Jan-Jun	6 months 2004 Jan-Jun	3 months 2005 Apr-Jun	3 months 2004 Apr-Jun	12 months 2004 Jan-Dec
Amounts in SEK thousands					
Net sales	312 297	274 818	168 627	154 250	617 280
Cost of goods sold	-198 821	-173 891	-106 836	-92 281	-383 858
Gross profit	113 476	100 927	61 791	61 969	233 422
Result from participations in associated companies	33 961	17 842	23 120	6 801	39 664
Result from participations in other portfolio companies	353 462	-	278 562	-	-2 817
Sales expenses	-53 562	-52 810	-27 999	-26 905	-109 213
Administrative expenses	-24 349	-22 606	-12 081	-12 085	-44 313
Research and development costs	-32 567	-48 258	-16 812	-25 805	-92 317
Other operating revenues and operating expenses	-15 177	7 223	-9 958	-147	8 327
Operating profit/loss	375 244	2 318	296 623	3 828	32 753
<i>Result from financial investments</i>					
Interest income and similar profit/loss items	3 347	3 171	2 030	1 060	9 016
Interest expenses and similar profit/loss items	-1 739	-1 497	-665	-1 050	-6 349
Profit after financial items	376 852	3 992	297 988	3 838	35 420
Taxes	-1 967	1 747	-	628	-11 378
Net profit for the period	374 885	5 739	297 988	4 466	24 042
Attributable to:					
Parent Company shareholders	376 633	8 860	309 837	12 099	27 097
Minority shareholders	-1 748	-3 121	-13 720	-7 633	-3 055
Net profit for the period	374 885	5 739	296 117	4 466	24 042
Earnings per share after tax (excl. minority shareholders), SEK	6.49	0.15	5.34	0.21	0.47
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

¹⁾There are no issued financial instruments that could give rise to more shares.

Group cash flow statements

	6 months 2005 Jan-Jun	6 months 2004 Jan-Jun	3 months 2005 Apr-Jun	3 months 2004 Apr-Jun	12 months 2004 Jan-Dec
Amounts in SEK thousands					
Cash flow from operational activities before changes in working capital	18 978	-7 668	14 986	-1 234	-4 486
Changes in working capital	1 811	-24 623	24 516	1 197	-9 691
Cash flow from operational activities	20 789	-32 291	39 502	-37	-14 177
Cash flow from investment activities	38 442	-42 354	-24 955	-6 269	-45 043
Cash flow from financial activities	-16 501	12 993	-22 907	-3 298	15
Cash flow for the period	42 730	-61 652	-8 360	-9 604	-59 205
Cash and cash equivalents, beginning of period	30 465	89 670	81 555	37 622	89 670
Cash and cash equivalents, period end	73 195	28 018	73 195	28 018	30 465

Group balance sheets

	2005 30 juni	2004 30 juni	2004 31 dec
Amounts in SEK thousands			
ASSETS			
Fixed assets			
Intangible assets	51 675	23 267	29 892
Tangible assets	6 663	7 356	6 682
Financial assets	671 978	393 909	409 594
Total fixed assets	730 316	424 532	446 168
Current assets			
Inventories, etc.	125 950	105 221	116 400
Current receivables	167 983	170 368	153 500
Short-term investments	8 213	8 819	6 025
Cash and bank balances	73 195	28 018	30 465
Total current assets	375 341	312 426	306 390
TOTAL ASSETS	1 105 657	736 958	752 558
EQUITY AND LIABILITIES			
Shareholders' equity (incl. minority interests)	919 147	584 761	597 944
Long-term liabilities			
Non-interest-bearing liabilities	10 799	9 999	11 384
Total long-term liabilities	10 799	9 999	11 384
Current liabilities			
Interest-bearing liabilities	3 385	15 049	19 301
Non-interest-bearing liabilities	172 326	127 149	123 929
Total current liabilities	175 711	142 198	143 230
TOTAL EQUITY AND LIABILITIES	1 105 657	736 958	752 558

Change in Group equity

	1 Jan -30 Jun, 2005			1 Jan -30 Jun, 2004		
	Attributable to Parent Company shareholders	Attributable to minority shareholders	Total	Attributable to Parent Company shareholders	Attributable to minority shareholders	Total
Amounts in SEK thousands						
Opening balance according to balance sheet	452 896	145 048	597 944	431 972	139 447	571 419
Effect of changed accounting principle, IAS 39	290 792	95 480	386 272	-	-	-
Opening balance adjusted according to IAS 39	743 688	240 528	984 216	431 972	139 447	571 419
Change in financial instruments	13 525	-100 362	-86 837	-	-	-
Translation differences	-942	485	-457	7 490	113	7 603
Acquisition of minority share in jointly owned subsidiary	-273 052	-79 609	-352 660	-	-	-
Net profit/loss for the period	376 633	-1 748	374 885	8 860	-3 121	5 739
Closing balance	859 853	59 294	919 147	448 322	136 439	584 761

¹⁾ Taking the tax effect into account.

Net sales per company

	6 months 2005 Jan-Jun	6 months 2004 Jan-Jun	3 months 2005 Apr-Jun	3 months 2004 Apr-Jun	12 months 2004 Jan-Dec
Amounts in SEK thousands					
Skanditek Industriförvaltning	21	44	8	3	50
CMA Microdialysis AB	26 034	29 316	13 276	14 403	57 647
MYDATA automation AB	286 242	245 458	155 343	139 844	559 583
Group	312 297	274 818	168 627	154 250	617 280

Operating profit/loss per company

	6 months 2005 Jan-Jun	6 months 2004 Jan-Jun	3 months 2005 Apr-Jun	3 months 2004 Apr-Jun	12 months 2004 Jan-Dec
Skanditek Industriförvaltning AB	66 467	16	35 311	-648	45 924
CMA Microdialysis AB	-6 065	-4 016	-3 257	-2 290	-11 553
MYDATA automation AB	4 999	-6 384	5 256	2 149	16 821
Other Group companies ¹⁾	281 283	-1 113	240 768	-496	-2 879
Share in earnings of associated companies	32 869	12 450	22 028	6 799	34 506
Change in financial instruments	-26 194	-	-13 152	-	-
Group adjustments	21 885	1 365	9 669	-1 686	-50 066
Group	375 244	2 318	296 623	3 828	32 753

¹⁾ Refers to companies that conduct portfolio management and securities trading activities and principally consists of dividends and capital gains/losses.

Key data, quarterly trend

	Q 3 2003 ¹	Q 4 2003 ¹	Q 1 2004	Q 2 2004	Q 3 2004	Q 4 2004	Q 1 2005	Q 2 2005
Market capitalization at period end, SEK m	917	1 068	1 120	1 300	1 254	1 422	1 381	1 503
Average market capitalization, SEK m	643	719	871	1 055	1 190	1 247	1 297	1 340
Market capitalization per share at period end, SEK	15,80	18,40	19,30	22,40	21,60	24,50	23,80	25,90
Market capitalization of listed holdings per share, SEK	8,34	10,63	13,01	12,48	12,45	14,74	15,75	15,54
Shareholders' equity per share, SEK	7,50	7,44	9,98	10,08	10,43	10,30	14,82	15,03
Invested capital, SEK m ²	541	519	562	566	568	560	581	978
Invested capital per share, SEK	9,33	8,94	9,68	9,75	9,79	9,65	10,01	16,86
Management costs, SEK m (rolling 12-month basis)	12,1	12,7	12,5	13,0	13,0	13,0	13,1	13,3
Management costs/Market cap, %	1,9	1,8	1,4	1,2	1,1	1,0	1,0	1,0
Equity/assets ratio, Group %	63	62	83	80	80	80	66	77

¹⁾ Key figures have not been recalculated in accordance with IFRS. IAS 39 is applied as of January 1, 2005.

²⁾ Average market capitalization based on rolling 12-month periods.

³⁾ Invested capital from first investment occasion, incl. book value for share exchanges.

⁴⁾ Management costs based on rolling 12-month periods divided by average market capitalization.

Skanditek's portfolio companies

Skanditek's portfolio companies and holdings shown as the percentage share of capital held on August 24, 2005 (excluding options and convertibles).

COMPANY	NATURE OF BUSINESS	HOLDING
IT and telecom		
Powerwave Inc ¹⁾	Telecom products and advanced industrial components	3%
Aptilo Networks AB	System solutions for WLAN	10%
Electronics		
PartnerTech AB ¹⁾	Contract manufacturer within telecom, IT/mechatronics and medical equipment	37%
Mydata Automation AB	Advanced machinery for surface mounting of electronic components	93%
Services		
Bure Equity AB ²⁾	Investment company that mainly invests in unlisted companies active in the service sector	10%
H Lundén Kapitalförvaltning AB	Asset management	20%
PBK Outsourcing AB	Turnkey solutions for management accounting	46%
Theeducation AB	Develops new products and services for the education sector	42%
The Chimney Pot AB	Post-production and effects for film and video	36%
Biotechnology		
CMA Microdialysis AB	Medical devices	78%
Vitrolife AB ¹⁾	High-quality nutritional solutions for storage of organs, etc.	28%

¹⁾ Powerwave and Vitrolife are listed on the Stockholm Stock Exchange's O List. PartnerTech is listed on the Attract 40 List.

²⁾ Bure Equity is listed on the Stockholm Stock Exchange's A List.

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Appendix 1 – Transition to reporting in accordance with IFRS

Effect of IFRS on income statement (SEK 000s)	Note	Jan-March 2004	Apr-June 2004	July-Sept 2004	Oct-Dec 2004	Jan-Dec 2004
Profit according to income statement		3 824	1 116	9 808	-1 429	13 319
<i>IFRS changes:</i>						
Recalculated portion of results of associated companies	A	841	841	841	841	3 363
Reversal of goodwill amortization	A	1 120	1 118	1 241	826	4 305
Minority interest in earnings	B	-4 512	1 391	8 895	-2 719	3 055
Total change to IFRS		-2 551	3 350	10 977	-1 052	10 723
Net profit according to IFRS		1 273	4 466	20 785	-2 481	24 042

Effect of IFRS on Group shareholders' equity (SEK 000s)	Note	Jan 1, 2004	March 31, 2004	June 30, 2004	Sept 30, 2004	Dec 31, 2004
Shareholders' equity according to balance sheet		431 972	442 549	444 402	453 910	445 228
<i>IFRS changes:</i>						
Recalculated portion of results of associated companies	A	-	841	1 682	2 522	3 363
Reversal of goodwill amortization	A	-	1 120	2 238	3 479	4 305
Minority interest	B	139 447	134 968	136 439	145 290	145 048
Total change to IFRS		139 447	136 929	140 359	151 291	152 716
Shareholders' equity according to IFRS		571 419	579 478	584 761	605 201	597 944

Effect of IAS 39 on shareholders' equity, January 1, 2005
(SEK 000s)

	Note	
Closing shareholders' equity on December 31, 2004 according to IFRS		597 944
<i>Fair valuation</i>		
Financial instruments before tax*	C	430 603
Tax effect		-44 330
Effect on shareholders' equity, January 1, 2005 (prel)		386 272
Shareholders' equity, January 1, 2005 according to IFRS		984 216

*Including minority interest

Note A

In accordance with IFRS 3 Business Combinations, goodwill must not be amortized. Goodwill shall be subject to impairment (write-down) testing once annually, or when the need arises. The reversal of prior-year amortization pertains to both Group and associated companies.

Note B

In accordance with IAS 27 Consolidated Financial Statements, no deductions are made for minority share in net profit for the period. Instead, the profit is allocated in conjunction with the income statement between the Parent Company's shareholders and minority shareholders. In the balance sheet, minority interest is classified as shareholders' equity.

Note C

In accordance with IAS 39 Financial Instruments, certain financial instruments must be fair valued. In Skanditek, this mainly affects long-term shareholdings that amount to an ownership interest of less than 20 percent and that do not constitute associated companies. Unrealized changes in the value of these holdings are reported via shareholders' equity, taking tax consequences into account. Unrealized value changes are not realized via the income statement until they have been sold.

Shareholdings in associated companies are reported in accordance with the previous principle of equity accounting. Changes in the fair value of currency derivatives are reported via the income statement.