

INTERIM REPORT ON THE OPERATIONS OF AB CUSTOS FOR THE PERIOD JANUARY 1 – SEPTEMBER 30, 2000

- Total return on Custos shares during the report period was 37.6 percent. The SIX Return Index rose by 1.3 percent during the same period.

Total return

Total return on Custos shares for the report period - taking into account share price appreciation, dividend paid and redemption of shares - was 37.6 percent. The equivalent return up to October 17, 2000 was 30.2. percent.

Return, January 1, 2000 – September 30, 2000

	%
Total return	37.6
Consists of the following components:	
Change in net asset value	8.4
Change in discount to net asset value	20.8
Dividend (reinvested)	5.1
Cost of shareholders' equity ¹⁾	6.4
SIX Portfolio Return Index	-1.6
SIX Return Index	1.3

¹⁾ Measured as the average 12-month Swedish treasury bill rate plus a risk premium of 4 percent during the nine-month period.

The total return for some of Custos' shareholdings is shown below.

Return, January 1, 2000 – September 30, 2000

Portfolio holding	%
Perbio Science	151.3
Perstorp	54.7
Christian Salvesen	43.7
Bilia	22.8
Svedala	8.4
C. Tybring-Gjedde	-13.7
SCA	-30.0

Net asset value

Total net asset value on September 30, 2000 was MSEK 7,376, or SEK 299 per share. Net asset value per share was calculated on the basis of 24,629,280 Custos shares, thereby assuming that the synthetically repurchased shares, as provided by a mandate from the Annual General Meeting on April 5, 2000, have been redeemed (see “Synthetic buy-backs of Custos’ own shares”).

On September 30, 2000, Custos’ discount to net asset value was 10 percent.

If the Custos shares included in the synthetic buy-backs had been valued at market value, net asset value would have totaled MSEK 8,219 on September 30, 2000, or SEK 296 per share. In this case, net asset value is calculated on the basis of 27,758,803 Custos shares.

Total net asset value on December 31, 1999 was MSEK 7,896, or SEK 276 per share. Net asset value per share is calculated on the basis of 28,573,037 shares, thereby assuming that the synthetic buy-backs on December 31, 1999 had been redeemed. If the Custos shares included in the synthetic buy-backs had been valued at market value, net asset value would have totaled MSEK 8,568 on December 31, 1999, or SEK 269 per share. Net asset value per share is calculated on the basis of 31,845,613 shares.

Assuming that the synthetically repurchased shares had been redeemed on October 17, 2000, net asset value would have totaled an estimated MSEK 6,817, or SEK 277 per share. The discount to net asset value in that case was an estimated 8 percent.

Change in net asset value, MSEK		Jan. 1, 2000- Sep. 30, 2000
Net asset value, January 1¹⁾		7,896
Dividends	253	
Administrative expenses	-27	
Other income and expenses	11	
Financial income and expenses	22	
Taxes	-3	256
Changes in value of securities portfolio		
Perbio Science	766	
Perstorp	601	
Christian Salvesen	167	
Industrivärden	63	
Bilia	44	
Svedala	36	
C. Tybring-Gjedde	-37	
SCA (including securities loans)	-1,124	
Other holdings	-5	511
Change in net asset value before dividend, redemption etc.		767
Change in value from synthetic buy-backs of Custos' own shares (swap agreement 1) ²⁾		54
Disbursed redemption payment (swap agreement 1) ³⁾		-875
Transfer of market value of synthetic repurchased shares on December 31, 1999 (swap agreement 1)		672
Change in value from synthetic buy-backs of Custos' own shares (swap agreement 2) ²⁾		118
Market value of synthetic share buy-backs on September 30, 2000 (swap agreement 2) ⁴⁾		-843
Dividend to shareholders		-366
Other items		-47
Net asset value at end of period		7,376

- 1) The Custos shares that were included in synthetic buy-backs as provided by a mandate from the Annual General Meeting on April 14, 1999 (swap agreement 1) are assumed to have been redeemed at market value.
- 2) Surplus value (based on market value) of synthetic share buy-backs taking into account dividend paid, broker commissions and interest.
- 3) Targeted to Svenska Handelsbanken in order to settle swap agreement 1
- 4) The Custos shares that are included in synthetic buy-backs as provided by a mandate of the Annual General Meeting on April 5, 2000 (swap agreement 2) are assumed to have been redeemed at market value.

Net asset value on September 30, 2000, allocated by assets and liabilities

Listed companies	Number	Price per share, SEK	Market value, MSEK	SEK per Custos share ¹⁾
SCA Series A	15,844,691	170.00	2,694 ²⁾	109
SCA Series B	-2,261,102	170.00	-384 ³⁾	-16
Perstorp Series A	390,200	122.00	48	2
Perstorp Series B	14,996,939	118.00	1,770	72
Perbio Science	14,161,226	94.00	1,331	54
Svedala	5,495,100	162.00	890	36
Christian Salvesen	27,090,000	22.70	615	25
Bilia	3,826,363	85.00	325	13
C. Tybring-Gjedde	13,200,000	16.40	216 ⁴⁾	9
Others			118	5
Total portfolio of listed companies			7,623	309
Options issued			-49	-2
			7,574	307
Shares in unlisted companies			179 ⁵⁾	7
Surplus value of synthetic share buy-backs			127 ⁶⁾	5
Other assets			553	23
Total assets			8,433	342
Liabilities			-214 ⁷⁾	-9
Preliminary redemption funds for synthetic buy-backs			-843 ⁸⁾	-34
Net asset value			7,376	299

1) Calculated on the basis of 24,629,280 shares, i.e. the synthetic repurchased Custos shares are assumed to be redeemed.

2) Effective from January 1, 2000, SCA Series A is equated in value with SCA Series B, which is more liquid. Furthermore, it is possible to convert from SCA Series A to SCA Series B.

3) Divested borrowed securities.

4) Including convertible debenture loan equivalent to 4,900,000 shares.

5) Of which, Acando MSEK 68 (valued at acquisition value).

6) Surplus value (based on market value) taking into account broker commissions.

7) Adjusted for divested borrowed securities, options issued and other items.

8) The Custos shares that are included in synthetic buy-back programs as provided by a mandate of the Annual General Meeting on April 5, 2000 are assumed to have been redeemed at market value on September 30, 2000.

Portfolio of listed shares

On September 30, 2000, the market value of the portfolio of listed shares, including divested borrowed securities and a convertible debenture loan, was MSEK 7,623 (Dec. 31, 1999: 7,883).

During the period, Custos carried out net sales of shares totaling MSEK 802 (purchases MSEK 506, sales MSEK 1,308). In addition, Custos disbursed MSEK 15 in dividend compensation for divested borrowed securities.

Among other things, Custos implemented the following changes in the portfolio:

As a result of net purchases, the portfolio increased by:

<u>Company</u>	<u>Number of shares</u>
Bilia	670,500
Perbio Science	1,984,164

SCA Series A

515,000

As a result of net sales, the portfolio decreased by:

<u>Company</u>	<u>Number of shares</u>
C. Tybring-Gjedde	1,000,000
Industrivärden Series A	4,501,700
SCA Series B	500,000
Svedala	321,000

During the report period, Custos issued further call options equivalent to 180,000 shares in Bilia, 250,000 shares in Firefly and 198,500 shares in Svedala to senior executives of each respective company.

In mid-April 2000, the Swedish-based private equity investment company Industri Kapital announced a public offer to acquire all shares and convertible debentures in Perstorp. Industri Kapital offered SEK 124 per Series B share and SEK 136 per Series A share in Perstorp. After the close of the report period, Industri Kapital withdrew its offer.

Furthermore, during June 2000 the Finnish-based engineering group Metso Corporation announced an offer to acquire all shares and convertible debentures in Svedala. Metso Corporation is offering SEK 185 per share. This offer is contingent, among other things, on the requisite approvals from competition authorities. The application period has been extended until November 30, 2000. Custos has accepted the offer.

The arbitration dispute between Regular Capital Inc. – which is wholly owned by Sweden Post and was formerly a major shareholder in ASG – and Custos, has now been decided in Custos' favor. Last year Regular Capital tried to prevent Custos from selling its holding of ASG shares to the Deutsche Post subsidiary Danzas Sweden AB by arguing that there was a shareholders' agreement between the two parties to the dispute. Regular Capital initiated arbitration against Custos, requesting that Custos be held liable for damages to Regular Capital because of this share transfer. The arbitration tribunal has now announced its ruling, declaring that Regular Capital's request shall be dismissed because no shareholders' agreement existed between the parties. This represents a final decision on the dispute between Regular Capital and Custos before the arbitration tribunal.

Unlisted companies

On September 30, 2000, the market value of Custos' holdings in unlisted companies amounted to MSEK 179 (Dec. 31, 1999: 164).

In early 1999, Custos and three investment partners - Kinnevik, Nordico Invest (successor to KF Invest) and Norway's Orkla - founded the Internet/e-business consulting company Acando.

An initial public offering of Acando is planned during 2001. In conjunction with this IPO, Acando plans an issue of new shares, among other things to finance its expansion in Europe.

During the report period, Custos invested a total of MSEK 35 in Acando, mainly by means of shareholder contributions. Custos has invested a total of MSEK 68 in Acando, which is also, the value at which the company is reported in Custos' net asset value.

Custos is the largest single shareholder in Acando, with 30 percent of the share capital and voting power, taking into account options issued.

Securities portfolio, earnings and financial position

The market value of the Parent Company's total securities portfolio on September 30, 2000, including divested borrowed securities and a convertible debenture loan, amounted to MSEK 7,802 (Dec. 31, 1999: 8,047). The book value of the portfolio on the balance sheet date was MSEK 3,407 (Dec. 31, 1999: 3,776). The difference between its market value and book value, the so-called surplus value, thus amounted to MSEK 4,395 (Dec. 31, 1999: 4,271).

During the period, Custos invested MSEK 546 in securities. It carried out divestments totaling MSEK 1,308. In addition, it paid a net amount of MSEK 13 for other investments. Altogether this represented a net divestment of MSEK 749 during the period. Custos also invested a total of MSEK 889 in synthetic buy-backs.

The Parent Company's income before taxes for the period January 1 – September 30, 2000 amounted to MSEK 641 (year-earlier period: 686). Dividends received totaled MSEK 253 (232) and capital gains etc. totaled MSEK 382 (year-earlier period: 458). Taxes totaling MSEK 3 (1) on shareholdings abroad were charged to income. No further tax burden for 2000 is foreseen.

The adjusted equity/assets ratio on September 30, 2000 was 97 percent (Dec. 31, 1999: 93). Net interest-bearing liabilities (interest-bearing assets minus interest-bearing liabilities) totaled MSEK 92 (Dec. 31, 1999: net interest-bearing assets 123).

Custos shares

Redemption of Shares in Custos with payment in SCA shares

The Board of Custos intends to propose an Extraordinary General Meeting to vote for a right to redeem every fourth share in Custos with payment consisting of two SCA shares. A detailed schedule will be presented before the end of October.

Change to O-list

The Board of Custos has decided to request the removal of Custos shares from the A-list of the OM Stockholm Stock Exchange and to request that they be quoted on the O-list of the same Exchange.

One class of Custos shares

An Extraordinary General Meeting on July 25, 2000 approved an amendment to the Articles of Association under which Custos would only issue one class of shares (ordinary shares).

Redemption

The redemption of Custos shares targeted to Svenska Handelsbanken in order to settle the synthetic buy-back program, as provided by a mandate of the Annual General Meeting on April 14, 1999, has now been completed.

Change in share capital, 1997-2000

Year	Series A shares (1 vote each)	Series B shares (1/10 vote each)	Ordinary shares (1 vote each)	Share capital, MSEK
December 31, 1996	35,593,931	11,820,690		1,185
1997 redemption	-3,212,219	-1,002,378		-105
1998 redemption	-2,648,819	- 862,113		-88
1999 redemption	-5,877,781	-1,965,698		-196
Change in share classes	-23,855,112	-7,990,501	31,845,613	-
2000 redemption	-	-	-4,086,810	-102
2000			27,758,803	694

Synthetic buy-backs of Custos' own shares

As provided by a mandate from the Annual General Meeting on April 5, 2000, Custos had entered into swap agreements equivalent to a total of 3,129,523 shares by October 17, 2000. This was equivalent to 11.3 percent of the share capital and voting power in Custos, based on 27,758,803 shares outstanding

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, consolidated balance sheets and income statements are only drawn up for the six-month and full year accounts.

Information schedule

- Preliminary Report on Custos' 2000 operationsJanuary 25, 2001
- Annual General MeetingApril 5, 2001

Only Interim Reports attributable to the six-month and full-year accounts will be 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 website, www.custos.se.

Stockholm, October 18, 2000

AKTIEBOLAGET CUSTOS (publ)

Christer Gardell
Chief Executive Officer

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 Income Statement (Amounts in MSEK)		Jan. - Sep. 2000	Jan.- Sep. 1999	Jan. - Dec. 1999
Income from securities management				
Dividends ^{1,2}		253	232	269
Other income from holdings in	Group companies	-	-	30
	associated companies	4	525	529
	other listed securities	378	-67	116
Total income from securities management		635	690	944
Administrative expenses		-27	-29	-42
Other income and expenses		11	-3	-8
Operating income		619	658	894
Financial income and expenses		22	28	30
Income before taxes		641	686	924
Taxes		-3	-1	-1
Net income for the period		638	685	923
1	Of which, dividends from Group companies.	-	-	35
2	Of which, dividends from associated companies.	108	122	122

Parent Company Condensed Balance Sheet (Amounts in MSEK)		Sep. 30, 2000	Sep. 30, 1999	Dec. 31, 1999
Fixed assets				
Tangible fixed assets		2	2	2
Financial fixed assets				
Holdings in Group companies		24	87	24
Holdings in associated companies	1,490 ¹	806 ²	558 ³	
Receivables from associated companies	52	52	52	
Other long-term holdings of securities	2,362	3,063	3,586	
Other long-term receivables (of which, interest-bearing)	22 (16)	-	-	
Current assets (of which, interest-bearing)	529 (524)	572 (570)	672 (636)	
Total assets		4,481	4,582	4,894
Shareholders' equity ⁴	3,791	4,058	4,292	
Provisions	30	31	33	
Current liabilities (of which, interest-bearing)	660 (632)	493 (464)	569 (513)	
Total shareholders' equity and liabilities		4,481	4,582	4,894
1	Acando, C. Tybring-Gjedde, Firefly, Perbio Science, SCA etc.			
2	Acando, C. Tybring-Gjedde, Firefly, SCA etc.			
3	Acando, C. Tybring-Gjedde, Firefly, Perbio Science etc.			
4	At the beginning of the period	4,292	5,481	5,481
	Dividend	-366	-456	-456
	Redemption	-875	-1,650	-1,650
	Ongoing transactions attributable to buy-backs of Custos' own shares	102	-2	-6
	Net income for the period	638	685	923
At the end of the period		3,791	4,058	4,292

Parent Company Condensed Cash Flow Analysis (Amounts in MSEK)	Sep. 30, 2000	Sep. 30, 1999	Dec. 31, 1999
Current operations			
Dividends	253	232	269
Other operating income	366	426	625
Operating income	619	658	894
Adjustments for items not included in cash flow	-390	-458	-709
	229	200	185
Net interest received/paid and similar items	21	35	37
Taxes paid	-3	-1	-2
Cash flow from current operations before changes in working capital	247	234	220
Changes in working capital			
Increase (-)/decrease (+) in current receivables	32	52	53
Increase (+)/decrease (-) in current liabilities	34	-4	-66
Increase (+)/decrease (-) in provisions	-3	-1	1
Cash flow from current operations	310	281	208
Investment operations Note 1			
Acquisitions of holdings in companies	-512	-1,755	-2,572
Divestments of holdings in companies	1,298	1,566	2,513
Acquisition of convertible debenture loan	-	-52	-52
Other investment operations	39	-45	-42
Cash flow from investment operations	825	-286	-153
Financing operations			
Dividend paid	-366	-456	-456
Amount disbursed to shareholders for redemptions	-875	-1,650	-1,650
Cash flow from financing operations	-1,241	-2,106	-2,106
Increase (+)/decrease (-) in liquid funds	-106	-2,111	-2,051
Liquid funds, beginning of period	630	2,681	2,681
Liquid funds, end of period Note 2	524	570	630
Note 1			
Net investment in securities	749	-285	-160
Net investments in synthetic buy-backs of Custos' own shares (swap agreement)	102	-2	-6
Net investments in equipment	-	-	-1
Increase (-)/decrease (+) in receivables related to divestments	-10	-	-6
Increase (+)/decrease (-) in liabilities related to acquisitions	-16	1	20
Payments disbursed	825	-286	-153
Note 2			
Short-term investments	521	570	630
Cash and bank balances	3	0	0
Liquid funds at end of period	524	570	630