



INTERIM REPORT
JANUARY – SEPTEMBER 2000

Interim Report January – September 2000

- Income before tax amounted to MSEK 111.8 (0.0). This figure includes net depreciation of goodwill amounting to MSEK 41.2 (11.6) including associate companies.
- Net sales for the period amounted to MSEK 922.0 (44.7), the greater part of which is attributable to newly acquired companies.
- The stock issue by Axis increased income before tax by MSEK 78.
- As one of the main stockholders in Axis, Skanditek sold part of its holding in connection with the company's flotation for a capital gain of MSEK 16.1.

This is Skanditek

Skanditek is an industrial holding company owning long-term stock in listed and unlisted Swedish companies. Our business concept is to be an active stockholder and to contribute to the development process at these companies by providing industrial and financial competence at board and management level. Our aim is to generate long-term capital growth for stockholders. The portfolio comprises some twenty investments within the fields of electronics, information technology, biotechnology and services.

Investment activities

During the period, Skanditek invested a total of MSEK 371 in portfolio companies, of which MSEK 202 relates to existing portfolio companies, primarily Vellinge Electronics AB.

Divestments during the period amounted to MSEK 173, and related mainly to Fermentech Medical Ltd. Skanditek sold its holding in this company to Vitrolife AB in return for newly issued shares in Vitrolife corresponding to 48.1 percent of its capital. The transaction did not generate any income for Skanditek, as the book value remains unchanged. The holding in Vitrolife is stated in the books at MSEK 161, of which MSEK 10 is in the form of a convertible loan.

The Group's net investments in tangible fixed assets amounted to MSEK 8.9 (2.7).

Consolidated net sales and income

During the period, the Group's net sales amounted to MSEK 922.0 (44.7), most of which is attributable to newly acquired Group companies. Besides CMA Microdialysis and Mydata Automation, Vellinge Electronics also joined the Group with effect from the second quarter.

Consolidated income before tax amounted to MSEK 111.8 (0.0). This includes a net

charge of MSEK 41.2 (11.6) for depreciation of goodwill and the reversal of negative goodwill, including associate companies. Skanditek's policy is to depreciate goodwill over five years. Associate companies are consolidated using the equity interest method.

If income before tax is cleared from non-operations items, income is MSEK 38.8. Examples of cleared items are depreciations of goodwill, capital gain, surplus funds from SPP and contributions through share issues in associate companies.

In connection with the flotation of the associate company Axis on July 27, 2000, a new stock issue was made, the proceeds of which amounted to MSEK 448. This added MSEK 112 to the value of Skanditek's interest in Axis' net assets. This is included in "Shares in earning of associate companies" in the consolidated income statement. After deduction of minority interests this had the effect of increasing the Group's income after tax by MSEK 78.

As one of the main stockholders in Axis, Skanditek sold 560,235 shares in Axis as planned in connection with the company's stock market flotation and stock issue. The purpose of this divestment was to cover the overallocation in connection with the offer. The shares were sold on July 5, 2000 for a capital gain of MSEK 16.1. As the holding, which is on the books of the 70-percent owned subsidiary G Kallstrom & Co., was reduced from 25.0 percent to 19.7 percent, Axis ceased to be stated as an associate company with effect from the third quarter.

Companies in the Group have received a MSEK 8.9 refund of surplus funds from the SPP pension insurance company, of which MSEK 7.0 (discounted to current value) has been taken into the result. SPP funds of MSEK 6.0 are included in Skanditek's interest in the earnings of associate companies.

In connection with the merger of

Fermentech Medical and Vitrolife, an MSEK 4.5 valuation reserve for biotechnology holdings was re-entered, which had a positive effect on the result.

Consolidated net income amounted to MSEK 92.7 (0.0), which corresponds to SEK 1.60 per share (previous year: SEK 0.0 based on the number of shares in issue at the time). Consolidated income excluding depreciation of goodwill and reversal of negative goodwill amounted to MSEK 133.9 (11.6), which corresponds to SEK 2.31 per share (0.21).

The parent company's net result for the period was a loss of MSEK 2.6 (income 22.2).

In view of Skanditek's character as an investment holding company, the accounts should be analyzed with caution. Value created in the business is not always reflected in the earnings. The percentage interest in the companies in the portfolio varies, as does the mix of Group companies and associate companies.

Liquid funds, equity/assets ratio and number of shares

The Group's closing liquid funds amounted to MSEK 83.5 (145.1), over and above which the Group had short-term placements in listed equities of MSEK 64.4 (49.9). Interest-bearing liabilities amounted to MSEK 59.0 (0.3).

The Group's visible equity ratio was 60 percent (88), while that of the parent company was 99 percent (100). The Group's equity per share amounted to SEK 12.74 (8.86).

Following the issue of 2,995,968 new shares in connection with the acquisition of Vellinge Electronics in April, the number of shares in issue is now 58,039,888.

Human resources

The Group had an average of 561 (82) employees at September 30, 2000. The increase is attributable to the acquisitions of

| Amount in MSEK | Jan – Sept 2000 | | | Jan – Sept 1999 | | |
|----------------------------------|-----------------|-------------------------------|------------------|-----------------|------------------|------------------|
| | Net sales | Operating income ¹ | Operating margin | Net sales | Operating income | Operating margin |
| Axis ² | 365.4 | –117.8 | –32.2 % | 361.5 | 6.2 | 1.7 % |
| LGP Telecom Holding ³ | 912.1 | 141.0 | 15.5 % | 590.0 | 70.3 | 11.9 % |
| Mydata Automation | 639.3 | 126.3 | 19.8 % | 316.7 | 16.5 | 5.2 % |
| PartnerTech | 852.8 | 79.5 | 9.3 % | 569.3 | 48.1 | 8.4 % |
| Vellinge Electronics | 324.4 | 22.1 | 6.8 % | 324.5 | 26.4 | 8.1 % |
| Vitrolife ³ | 61.0 | –16.8 | –27.5 % | 43.6 | –19.2 | –44.0 % |

¹ Income excludes surplus funds from SPP if any.

² Refers to 7 months during January to July.

³ Information for the previous year is pro forma.

Table 1. Large portfolio companies' net sales and income.

Mydata Automation and Vellinge Electronics, which joined the Group in November 1999 and April 2000 respectively.

Large portfolio companies Axis

Axis was floated on the OM Stockholm Exchange's "O" list on June 27, 2000 in connection with a share issue that generated proceeds of MSEK 448.

As expected, Axis incurred an operating loss. Costs incurred on research and development and business development within Mobile Internet and Mobile Print, for example, had a significant effect on the result.

In September, Axis introduced the first platform for mobile printouts based on Bluetooth Wireless Technology. This new platform forms part of Axis' investment in mobile printout solutions based on wireless technology. Mobil Print is a product area that is initially expected to have considerable potential in Scandinavia, the USA and Japan in connection with the expansion and development of the market for wireless internet solutions.

LGP Telecom Holding

LGP (formerly Arkivator) is continuing its strong growth. Sales increased by 55 percent, the bulk of the increase still being attributable to the telecom sector. Telecom accounted for 74 percent of total sales, and compared with last year, sector sales were up by 76 percent.

Demand continues to be strong in Europe and is growing in China, Southeast Asia and North America. The order intake is still strong.

To meet existing demand, production capacity is being further expanded. The construction of a new production plant for telecom products in Tullinge is progressing

according to plan. This is expected to be commissioned in the second quarter of 2001.

Mydata Automation

Mydata reports an increase of 102 percent in sales as a result of steady growth on all its main markets. The company has been particularly successful on the American market. Mydata's share of the global market is estimated to have risen from around 7 percent in 1999 to around 8 percent during the period. The order intake remains strong.

Profitability for the period was very healthy. The result was favorably affected by higher volumes and by an increase in the proportion of sales going to Internet and telecom-related customers, a sector where profitability is currently sound. Several new products, which represent the outcome of many years of research and development, have been well received on the market. The company is continuing to invest heavily in research and development.

PartnerTech

Sales increased by 50 percent on last year; for comparable units the increase was 30 percent. The telecom market is currently enjoying a period of strong growth, while a generation-shift is taking place within mobile telephony over to third generation (3G) systems. This is expected to generate immense potential for the industry, although it might also occasionally lead to irregular demand for subcontractors such as PartnerTech.

The increase in the result is attributable to higher volumes, a shift in the product mix towards a greater proportion of finished products and to further improvements in production efficiency. In the third quarter, PartnerTech was affected slightly by volume fluctuations and, to a certain extent, by shortages of electronic components.

Vellinge Electronics

Vellinge Electronics became a wholly owned subsidiary of Skanditek with effect from the second quarter of 2000. Skanditek decided to purchase the outstanding 63 percent of the stock when the opportunity presented itself. The acquisition was financed by the issue of 2,995,968 shares in Skanditek. The Board's decision was made on the basis of the mandate given by the AGM in May 1999.

Sales volumes remain unchanged, which is attributable to the discontinuation by one customer of a product with high component content. In September, an agreement was reached with Beijer Electronics on closer co-operation. This order is worth MSEK 40 on an annual basis and relates to the manufacture of Beijer's proprietary operator terminals.

Higher purchasing costs due to the higher dollar exchange rate were taken against the result. In common with the rest of the industry, component shortages disturbed production.

Vitrolife

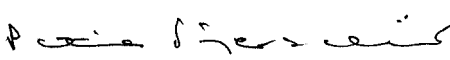
Skanditek's subsidiary, Fermentech Medical, merged with Vitrolife in April 2000. Skanditek exchanged all its shares in Fermentech for six million newly issued shares in Vitrolife, corresponding at the time to 48.1 percent of the shares in issue.

Following the merger, Vitrolife has organized the group into five business areas. Its marketing and distribution strategies have been tailored to suit local conditions by using a combination of direct sales and distributors with a focus on the creation of an online global e-sales capacity.

In November, after the end of the reporting period, Vitrolife carried out a share placement to raise MSEK 70. The capital injection will be applied to finance investments in production capacity, IT-infrastructure and R&D in order to meet the growing international demand for Vitrolife products.

Stockholm, November 8, 2000

Skanditek Industriförvaltning AB (publ)


Patrik Tigerschiöld
President

Group Income Statements

| | 2000 | 1999 | 1999 |
|---|----------------|---------------|---------------|
| Amount in SEK '000 | Jan – Sept | Jan – Sept | Jan – Dec |
| Net sales | 922,012 | 44,680 | 121,073 |
| Cost of sold goods | -543,914 | -18,155 | -66,321 |
| Gross operating income | 378,098 | 26,525 | 54,752 |
| Income from divestments of portfolio companies | 17,002 | 22,309 | 22,878 |
| Shares in earnings of associated companies before tax | 76,108 | - | 3,162 |
| Income from shares in associated companies | - | 2,000 | - |
| Income from shares in other portfolio companies | 3,742 | 8,081 | 4,714 |
| Sales expenses | -103,788 | -16,049 | -24,027 |
| Administrative expenses | -39,408 | -19,871 | -25,284 |
| Research and development expenses | -74,801 | -13,441 | -23,867 |
| Other operating income and expenses | -8,976 | -60 | - |
| Depreciation of goodwill/negative goodwill | -26,774 | -11,615 | -15,209 |
| Operating income/loss | 221,203 | -2,121 | -2,881 |
| <i>Income from financial investments</i> | | | |
| Interest revenue and similar items | 1,485 | 2,103 | 7,008 |
| Interest expenses and similar items | -4,710 | -373 | -737 |
| Income/loss after financial items | 217,978 | -391 | 3,390 |
| Minority interest in income | -106,222 | 404 | 184 |
| Income before tax | 111,756 | 13 | 3,574 |
| Tax | -19,081 | - | -7,856 |
| Income/loss for the period | 92,675 | 13 | -4,282 |

Group Balance Sheets

| | 2000 | 1999 | 1999 |
|-------------------------------------|------------------|----------------|----------------|
| Amount in SEK '000 | Sept, 30 | Sept, 30 | Dec, 31 |
| ASSETS | | | |
| Fixed assets | | | |
| Intangible fixed assets | 175,010 | 71,762 | 77,678 |
| Tangible fixed assets | 31,630 | 13,845 | 18,968 |
| Financial fixed assets | 362,243 | 231,526 | 235,937 |
| Total fixed assets | 568,883 | 317,133 | 332,583 |
| Current assets | | | |
| Inventories etc | 223,888 | 23,087 | 90,003 |
| Current receivables | 291,333 | 17,877 | 150,844 |
| Investments | 64,375 | 49,937 | 106,660 |
| Cash and bank | 83,511 | 145,053 | 47,003 |
| Total current assets | 663,107 | 235,954 | 394,510 |
| TOTAL ASSETS | 1,231,990 | 553,087 | 727,093 |
| EQUITY AND LIABILITIES | | | |
| Equity | 739,287 | 487,920 | 485,729 |
| Minority interests | 198,408 | 37,144 | 95,313 |
| Provisions | 21,018 | 6,968 | 17,402 |
| Liabilities | 273,277 | 21,055 | 128,649 |
| TOTAL EQUITY AND LIABILITIES | 1,231,990 | 553,087 | 727,093 |

Group Cash Flow Statements

| | 2000 | 1999 | 1999 |
|---|----------------|----------------|----------------|
| Amount in SEK '000 | Jan – Sept | Jan – Sept | Jan – Dec |
| Cash flow from operating activities prior to changes in working capital | 132,880 | –6,857 | –1,514 |
| Cash flow from changes in working capital | –131,606 | –18,118 | –25,882 |
| Cash flow from operating activities | 1,274 | –24,975 | –27,396 |
| Cash flow from investment activities | –46,921 | 8,805 | –43,382 |
| Cash flow from financial activities | 31,685 | 131,916 | 138,305 |
| CASH FLOW FOR THE PERIOD | –13,962 | 115,746 | 67,527 |

Skanditek's portfolio companies

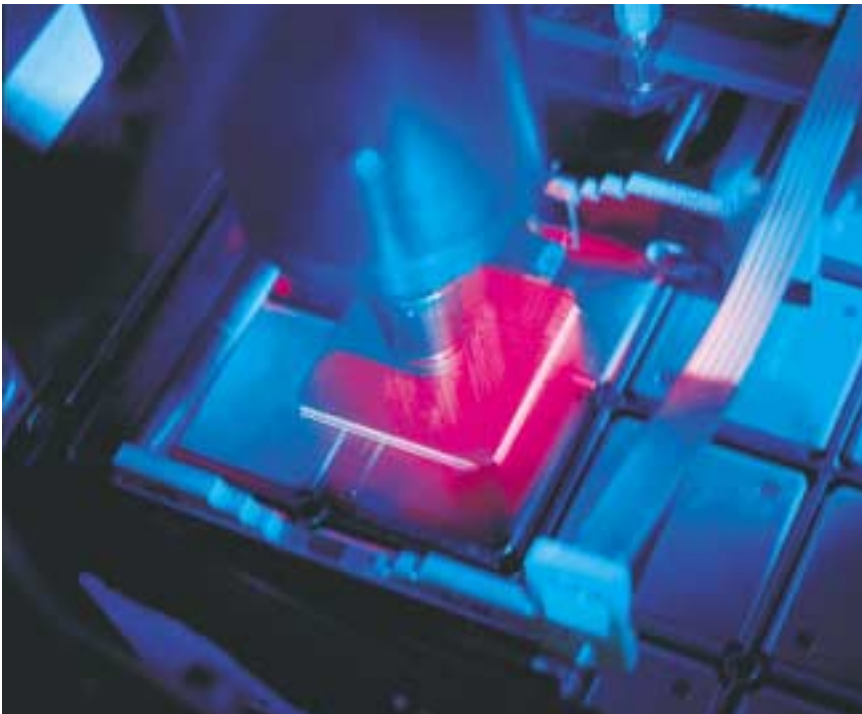
| Company | Nature of business | Holding |
|--|--|---------|
| ■ IT and Telecom | | |
| Axis AB ¹⁾ | A world leader in network products for simple connection to complex networks and mobile Internet | 14 % |
| Beep Network AB | Computer systems for retail outlets | 41 % |
| LGPTelecom Holding AB ¹⁾ | A world leader in the manufacture of telecom products to improve radio coverage in mobile communication networks. Also a leading sub-contract manufacturer of advanced industrial components | 10 % |
| Mydata Automation AB | Advanced machinery for surface mounting of electronic components on printed circuit boards | 39 % |
| TPC Security AB ²⁾ | Telecom-based security systems | 18 % |
| ■ Sub-contract production Electronics | | |
| PartnerTech AB ¹⁾ | A systems supplier that develops and manufactures electronic products on a subcontract basis for companies within telecom, information technology and medical technology | 26 % |
| Vellinge Electronics AB | Sub-contract manufacture of electronic products | 100 % |
| ■ Internet-based Services | | |
| Plenia Sweden AB | Internet-based recruitment services | 34 % |
| Theeducation AB | Education via virtual classrooms on the Internet | 19 % |
| VS Market, AB | Financial entertainment games on the Internet | 34 % |
| ■ Financial services | | |
| H Lundén Kapitalförvaltning AB | Asset management | 14 % |
| PBK Outsourcing AB | Management accounting total solutions | 40 % |
| ■ Media | | |
| The Chimney Pot AB | Post production and effects for film and video | 41 % |
| ■ Biotechnology | | |
| BioNative AB | Production process for natural interferon-alfa | 24 % |
| CMA Microdialysis AB | Instruments for tissue dialysis | 58 % |
| InRo BioMedTek AB | Reagents for diagnostic and therapeutic purposes | 33 % |
| Vitrolife AB | High quality nutritional solutions for storage of organs, tissue and cells outside the body, in connection with IVF, for example | 45 % |

¹⁾ Axis, LGPTelecom Holding and PartnerTech are listed on OM Stockholm Stock Exchange's "O" list.

²⁾ TPC Security is listed on OM Stockholm Stock Exchange's "New Markets" list.

Where appropriate, interests held via Skanditek's subsidiary G Kallstrom & Co AB have been converted by a factor of 70 percent.

Table 2. Companies in Skanditek's portfolio, showing Skanditek's interest at November 8, 2000 (excl. options and convertibles).



MYDATA
automation
WORLDWIDE

The world's largest industry – the electronics industry – is going through a process of extremely rapid development. For an electronics manufacturer to be competitive on this market requires wise investments, efficient capacity utilisation and low costs. At the same time, flexibility is essential to meet the fast changing needs of the market. All of which makes Mydata an interesting partner for printed circuit mounting. Mydata, having seen doubled sales and high profitability this year, is a successful player on the global market.

The Midas mounthead places complex components.

Photo: Magnus Elgqvist

MYDATA – a high-tech, rapid grower

Mydata Automation AB is one of the companies that is contributing to this rapid development in the electronics industry. The company develops and manufactures surface mount machines. More than 2,000 machines have been delivered worldwide. They are now in operation around the clock producing electronic components for a highly expansive market – everything from industrial robots and control systems to internet routers and satellites.

Surface mounting is the second phase in the process of circuit board production. The first phase in the process is to apply flux to the component connections on the printed board. Then a surface mount machine picks up the electronic components, inspects them and places them with micrometer precision onto the flux. In the third phase, the board is fed through a furnace where the flux melts and the components are soldered firmly to the boards. They have now become printed circuit boards (PCBs). In the final production stage the function and quality of the circuit boards are tested prior to assembly into the final product. Today, surface mounting is by far the most common method of manufacturing circuit boards.

Mydata was formed in Stockholm in 1984 by a group of brilliant, young engineers. They developed a surface mount machine concept that is unique even to this day, with the focus on productivity and flexibility and which allows excellent mounting precision and durability. The first machine ever delivered is still in use in production.

Mydata has developed a Linux-based operative system that guides the machine and its intelligent accessories, including a storage unit for the feeding of components. Additional software is used to optimise, guide and plan the production of the electronic components. All this makes the system instantly adaptable to the constantly changing demands and requirements of the customer. It is also possible to manufacture all types of circuit boards. The machine can switch from one product to another without any loss of time - a property that is vital for "just in time" production.

High growth rate

Mydata has expanded rapidly to become a global player within the surface mounting industry. In just over ten years, the company has raised its annual revenue to around 800

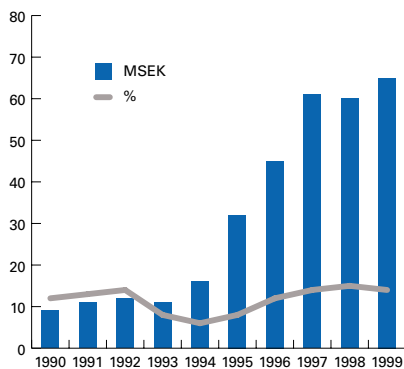
million kronor, and now has 300 employees.

All product development and production take place at the company's head office in Bromma a suburb of Stockholm. Mydata has subsidiaries in Great Britain, France, USA, Japan and Singapore. There are also 40 distributors worldwide and 30 representatives in North and South America. Almost 95 percent of sales are for export.

Subcontract electronics manufacturers are key customers

Mydata's customers are electronics manufacturers who make demands in terms of highly process products in series of up to 1,000 PCBs. As production series become shorter and the product mix largest, the demand for short reset times increases. This will allow the customer to achieve high levels of productivity and profit. In short, flexibility is becoming an increasingly critical means of competition, a fact that leading subcontractors (e.g. Flextronics, Sanmina, SCI and Solectron) have observed. Today, Mydata machines are used by 14 of the 20 largest subcontractors in the world.

Most of Mydata's customers are in industrial applications, aerospace technology and



Mydata's R&D costs in million kronor and as a percentage of sales.



The My series using the Linux OS was launched in 1998.

Photo: Magnus Elgqvist

certain sectors within the telecom and computer industries. What they all have in common is that they manufacture complex products in short series with stringent reliability requirements – such as prototypes. Customers with large volumes and an extensive product mix are also beginning to demand Mydata's surface mount technology.

The total market for surface mounting is worth almost 25 billion kronor. Mydata's segment, i.e. customers that need machines designed for high-mix production with short setting times, represents some 40 percent of this market. Mydata estimates that its share of the world market has increased from some 7 to 8 percent so far this year, with Mydata noting its greatest successes in the USA and Europe. Sales have doubled during the year, and income is reaching record levels. Through its application of supply chain management, Mydata has also been able to double its capacity in two months while maintaining the same delivery times.

Major resource injection into Research and Development

"Today, Mydata is a successful international company with high growth and profitability, and we are raising our market shares," says president Mårten Lundberg.

"With an eye to the future, we will continue to invest heavily in research and development, which over the past ten years has accounted for 320 million kronor of our investments. 65 graduate engineers work in this area. One research project is concerned with broadening Mydata's basic concept to include applications in the semiconductor

industry, which is the step before the production of PCBs. The company now owns intangible rights in the form of 20 patents. Owning numerous patents is not, however, the most important prerequisite for continued success. Success hinges more on things such as providing the highest quality and service, and a commitment to guaranteeing success for our customers."

"For the next few years we have set our minds to maintaining our focus on short set-up times, rapid assembly, and higher productivity for our customers. We're also continuing to strengthen our service and support and to broaden our business in Asia, Europe and North America. Everything we do is designed to give our customers an even stronger competitive edge," continues Mårten Lundberg.

"We are very optimistic about the future of Mydata," says Skanditek president Patrik Tigerschiöld. "The company should do very well as it is extremely well-positioned on the market with its extensive product and research portfolio."



Mårten Lundberg has been president of Mydata since 1998.

Photo: Johan Nilsson

Mydata Automation AB

www.mydata.com

Adolfsbergsvägen 11

SE-168 66 Bromma, Sweden

Phone +46 (0)8 475 55 00

Fax +46 (0)8 475 55 01

Chairman

Dag Tigerschiöld

President

Mårten Lundberg

Net sales

639 million kronor (Jan – Sep)

Number of employees

300

Skanditek's shareholding

39 percent

Forthcoming report

Year-end release 2000:

Wednesday, February 14, 2001

The company's auditor has not examined this report. Skanditek is listed on the OM Stockholm Stock Exchange's "O" list.



Skanditek Industriförvaltning AB (publ)

Kungsträdgårdsgatan 18

SE-111 47 Stockholm, Sweden

Telephone +46-8-614 00 20

Fax +46-8-614 00 38

info@skanditek.se

www.skanditek.se