



Stockholm November 13, 2000

Emerging Technologies ET AB (publ) Interim Report, March – September 2000

- Emerging Technologies implemented private placements totaling SEK 875.2 m net of issue expenses in the spring and summer.
- The corporation's new owners include institutions such as pensions manager SPP, industrial holding company Industrivärden and Nordic financial services group Handelsbanken's mutual funds operation.
- At the end of the period, the portfolio comprised 59 holdings divided into four segments: mobile Internet/wireless technology, infrastructure, e-business and services.
- Emerging technology effected 18 new and follow-up investments in the period, totaling SEK 212.5 m. The corporation loaned a further SEK 90.9 m. This sum up to SEK 303.4 m.
- Emerging Technologies initiated the divestiture of listed stocks, raising a total of SEK 261.2 m in the period, with a capital gain of SEK 62.0 m.
- Earnings before tax for the period were SEK -755.6 m including write-downs of SEK 805.2 m.
- Liquid assets were SEK 685.1 m at the end of the period.

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Emerging Technologies is a major Northern European venture capitalist organization, active in the network economy. Emerging Technologies is building the corporations of the future alongside entrepreneurs, by providing capital, an expert team combining strategic, financial and technology skills, plus an international contact network. Emerging Technologies focuses on early-stage ventures, mainly in the high-growth mobile Internet/wireless technology and infrastructure sectors, plus e-business and services.

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Highlights in the Period

Incorporation of Emerging Technologies

Emerging Technologies ET AB was incorporated in March 2000, and converted into a public corporation on May 12, 2000.

Emerging Technology Ltd., Lars Ahlman and Respons Konsult AB made an unconditional stockholders' contribution of SEK 1,500.1 m on May 5. This injection comprised an element of the payment for Emerging Technologies' original stock portfolio. Options secure Emerging Technologies' rights to those stocks that have yet to be transferred to its ownership because of measures such as preemption clauses.

A special stockholders' meeting On May 12, 2000 appointed a new Board comprising executives with experience primary garnered in the IT sector and capital markets, and an extensive contact network.

The same meeting resolved on a private placement with subscription during May; a total of 7,270,000 new stocks were issued, raising SEK 197.5 m for the corporation, net of issue expenses. The meeting also resolved to authorize the Board to decide on additional issues encompassing 27,726,600 stocks before the 2001 stockholders' general meeting.

A total of 14,429,453 stocks, of the aforesated authorization, were utilized for the new issue effected subsequent to a June 2000 Board decision, and which raised SEK 677.7 m for the corporation, net of issue expenses. One investor that applied for the subscription of 1,755,000 stocks coincident with this issue did not consummate this transaction through payment. Instead, brokerage house Alfred Berg Fondkommission AB subscribed for 877,500 stocks on the same terms as other investors, and accordingly, the remaining 877,500 stocks are expected to be annulled subsequent to a resolution by a stockholders' general meeting. All figures in this report reflect this change.

Through a warrant program, the corporation has issued a subordinated debenture with detachable warrants for the subscription of a total of 13,550,000 stocks targeted on parties including the corporation's employees. This program has not been implemented in its entirety. Upon full utilization, this program would imply an 11.1% dilution of stock capital.

Initial and Follow-up Investments

All investments mentioned below relate to the period after the acquisition of the original stock portfolio.

Emerging Technologies has made investments in seven new ventures, totaling SEK 108.7 m, with these new portfolio ventures mainly active in mobile Internet/wireless technology, and including Civista, Expandit, Hybris and Todos.

Civista develops applications that enable corporations to provide wireless data and applications for their users.

Expandit develops and distributes a patented ERP software solution that allows enterprises to present business data and logic on Web browser, Windows CE, Pocket PC, Windows/PC and WAP platforms.

Through offices in Munich, Dresden, Budapest and Boston, Hybris offers corporations complete off-the-shelf software and e-business solutions built on Enterprise Java Beans and XML.

Todos Data Systems develops sophisticated custom data and telecom products.

In the period, Emerging Technologies invested SEK 11.4 m in Nexit Ventures, a mutual fund focused on mobile Internet/wireless technology, with its prime focus on the Finnish market. Emerging Technologies is committed to investing EUR 10 m (SEK 86 m), corresponding to 12% of the entire fund. So far, Nexit has invested in seven enterprises: Hantro Products Oy, MadOnion Oy, MatchON Sports OY, Exidio OY, Cosant Inc., Mediaclick Oy and Mobile Way, Inc.

Emerging Technologies made follow-up investments in ten existing portfolio ventures, with a total value of SEK 92.4 m. The major follow-up investments include BrainDock, Oppido and Tritech. Five portfolio ventures have been granted loans of an aggregate SEK 90.9 m.

Divestitures

Emerging Technologies' divestitures during the period freed up SEK 261.2 m. Parts of holdings in ADC (Altitun) and Mind were divested as a consequence of these corporations' IPOs. In these two transactions, capital gains amounted to SEK 57.4 and 7.3 m respectively.

Enterprise	SEK m		Enterprise	SEK m
		<i>Ownership stake</i>		
<i>New Investments</i>	<i>Investment</i>	<i>incl. dilution, %</i>	<i>Divestiture</i>	<i>Payment received</i>
Adventuro		10.0	ADC	
Civista		34.2	Mind	
Expandit		40.0	Other	
Fairgain		16.6	Total	261.2
Hybris		15.0		
Nexit		12.0	<i>Loan</i>	<i>Issued</i>
Source Media		2.4	Moving Pictures	
Todos		10.5	Oppido	
Total	120.1		Result Ventures	
			Hybris	
<i>Follow-up Investment</i>	<i>Investment</i>		Fairgain	
Acti			Total	90.9
BrainDock				
Dressmart				
Freefund				
Oppido				
SI Holdings				
Smilmer				
Sportus				
Tritech				
Wideyes				
Total	92.4			

Other Portfolio Realignments

Investments within the framework of Emerging Technologies' operations have a high risk profile, and accordingly, the yield they generate can fluctuate widely. Arborex is presently being financially restructured, and in this statement, has been fully written off, by SEK 4.0 m. Dressmart filed for financial restructuring in the period, and Emerging Technologies' SEK 95.3 m holding has been written off in this statement.

Emerging Technologies has a collaboration with Capitaal, whereby co-investments are made through a collaborative structure named Capitaal/Emerging Technologies.

Organizational Resources

Emerging Technologies has tied a number of experienced professionals into its organizational resources, which are now largely complete. At the end of the period, Emerging Technologies had a total employee headcount of 16, the majority being professionals active in its investment operations.

During the period, Emerging Technologies started up offices in Stockholm and Gothenburg, Sweden.

Market Performance in the Period

Recent major fluctuations on the financial markets have implied value losses extending to venture capital corporations focused on technology and Internet investments—funding and divestment are now more problematic and lengthier processes. Portfolio ventures' funding has become far more resource intensive.

Earnings

Capital gains in the period amounted to SEK 62.0 m.

Management expenses stood at SEK 23.8 m, with SEK 7.5 m of this attributable to start-up expenses. External management expenses were SEK 5.9 m.

The acquisition of the original stock portfolio from Emerging Technology Ltd., Lars Ahlman and Respons Konsult AB was effected after a market valuation of the portfolio holdings in early May. Write-downs of the portfolio book value, totaling SEK 805.2 m were effected, attributable to stock price downturns in listed holdings and assessed value reductions in unlisted enterprises. The corporation will consider the valuation of its portfolio coincident with each report.

Emerging Technologies' made a SEK -755.6 m loss after financial items for the period, corresponding to SEK -6.21 per share (-5.59 after dilution) on the balance sheet date.

Financial Position

The closing balance of liquid assets was SEK 685.1 m. Current liabilities were SEK 197.7 m.

The closing balance of stockholders' equity was SEK 1,619.8 m, corresponding to SEK 13.31 per stock (14.73 after dilution).

The book value of the portfolio is SEK 946.6 m.

Stock Data

The number of outstanding stocks is 121,699,453, each with a nominal value of SEK 0.10. Including 13,550,000 warrants, the number of stocks may increase to 135,249,453.

Ownership Structure

Emerging Technologies is registered with VPC, the Central Swedish Securities Depository. As of September 30, Emerging Technologies had 286 stockholders, with the ten largest owners illustrated in the following table.

Name	No. of Stocks	Ownership/ votes %
Kjell Spångberg and through companies	93 700 000	76
Lars Ahlman and through companies	6 195 000	5
Försäkringsbolaget SPP	2 725 000	2
AB Industrivärden	1 328 000	1
Union Bank of Switzerland	1 179 850	1
ABN Amro Securities Inc.	877 500	1
Handelsbanken Reavinstfond	816 410	1
Unibank S A	730 000	1
Domaren i Göteborg	715 000	1
Wikow Invest	715 000	1
Other	12 717 693	10
Total	121 699 453	100

Highlights after the End of the Period

Boxman and MsFreckles have filed for bankruptcy; the liquidations of Boxman and MsFreckles would generate losses totaling SEK 50.3 m, which have been considered fully in this financial statement.

Listed holdings Mind, QXL and A Brand New World have lost significant values as a consequence of a substantial downturn across the technology sector generally, and for these corporations' stock price performance in particular.

Due to market conditions further write-downs can not be excluded.

Next Report

The year-2000 financial statement will be published in February 2001.

Stockholm, November 13, 2000

Peter Sandberg
CEO of Emerging Technologies ET AB (publ)

We have made a summary review of this Interim Report for the period March 9 – September 30, 2000, thereby observing the recommendation of FAR, the Swedish Institute of Authorized Public Accountants. A summary review is far more limited than a full audit. Nothing has arisen that suggests that this Report does not satisfy the Annual Accounts Act.

Stockholm, November 13, 2000
Öhrlings PriceWaterhouseCoopers AB

Lars Berglund
Authorized Public Accountant

Summary Income Statement, Balance Sheet and Cash Flow Statement

Income Statement

SEK m	9/3/00 - 9/30/00
Capital gains	62.0
Write-downs on stock	-805.2
Earnings before operating expenses	-743.2
Management expenses	-23.8
Remuneration to external managers	-5.9
Earnings before financial revenues and expenses	-772.9
<i>Financial revenues and expenses</i>	
Financial revenues	17.5
Financial expenses	-0.2
Earnings net of financial revenues and expenses	-755.6
Tax	0.0
Net earnings	-755.6

Balance Sheet

SEK m	9/30/00
ASSETS	
Capital subscribed but not paid up	41.5
Fixed assets	1,059.7
Current assets	716.3
TOTAL ASSETS	1,817.5
LIABILITIES AND STOCKHOLDERS' EQUITY	
Stockholders' equity	1,619.8
Current liabilities	197.7
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	1,817.5
Assets pledged and contingent liabilities	
Assets pledged	0.0
Contingent liabilities	0.0

Cash Flow Statement

SEK m	3/9/00 - 9/30/00
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Ongoing operations

Cash flow from ongoing operations	-27.9
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Investment operations

Cash flow from investment operations	-43.5
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Financing operations

Cash flow from financing operations	756.5
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Cash flow for the period	685.1
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Liquid assets, opening balance	0.0
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Liquid assets, closing balance	685.1
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Accounting Principles

Consolidated Accounts

The corporation's share of the capital and votes of portfolio ventures exceeded 50% in some cases. The corporation intends to reduce capital and ownership stakes to below 50%, and accordingly, does not effect consolidated accounting. Stockholdings with a share of the vote of 20-50% are accounted at acquisition expense with the customary assessment of the need for write-downs.

Shares and Participations

FAR's recommendation no. 12 regarding accounting of shares and participations has been applied.

Holdings of shares and participations are of a long-term nature; all holdings are accounted at the relevant venture's acquisition value.

Participations have been valued on an item-by-item basis. If the value of an individual holding is assessed to fall below book value substantially and sustainably, a write-down is effected.

Acquisitions to the original stock portfolio that remain incomplete are accounted according to the relevant agreements' financial implications.

Disclaimer:

Please note that this is a non-official translation of a Swedish original that has been approved by the Board of Directors of Emerging Technologies ET AB. In the event of differences between this translation and the original Swedish document, the Swedish document should be regarded as correct.