

# **SKANDITEK**

## YEAR-END REPORT

### JANUARY – DECEMBER **2002**

- Pretax loss of SEK 219.7 m reported (preceding year: loss of 41.1).
- Results include a charge of SEK 113.4 m (60.1) for goodwill amortization/write-down, of which the write-down of goodwill attributable to the acquisition of PartnerTech accounts for SEK 66.3 m.
- Results have been charged with nonrecurring items in the portfolio companies PartnerTech and Vitrolife. Skanditek's share of loss, amounted to SEK 20.1 m for PartnerTech and SEK 34.4 m for Vitrolife.
- Cash flow during the year was negative in an amount of SEK 41.2 m (positive: 31.9).

### Skanditek's operations

Skanditek is an industrial holding company with investments in Swedish companies. The Company's business concept is to be an active, long-term owner. As a result, Skanditek is able to contribute to the development of its portfolio companies by providing industrial and financial expertise at Board and management level.

The portfolio companies are active in the electronics, information technology, biotechnology and service sectors. Investments are mainly made at a relatively early stage of the target companies' development, since this is when Skanditek can contribute business-development experience aimed at high growth, research and development and internationalization.

### Investment operations

During the fourth quarter, Skanditek purchased newly issued shares in Aptilo Networks for SEK 1 m.

Investments in portfolio companies during the year amounted to SEK 18.2 m (9.9).

There were no divestments of portfolio companies during the year (29). After the end of reporting period the shares in VS Market has been sold. Due to previously booked write-downs in the Parent company, amounted to SEK 13.3m these divestments had no impact on consolidated earnings.

The Group's net investments in tangible fixed assets amounted to SEK 0.6 m (13.2).

### Net sales and earnings

Consolidated net sales totaled SEK 508.5 m (1,158.2). The decrease in net sales was due mainly to the divestment of former subsidiary Vellinge Electronics in November 2001 and lower net sales in Mydata.

The Group reported a pretax loss of SEK 219.7 m (loss: 41.1). Profit was charged with amortization and write-down of goodwill and the reversal of negative goodwill in a net amount of SEK 113.4 m (net charge: 60.1). Group companies accounted for SEK 19.3 m (40.6) and associated companies for SEK 19.3 m (19.5) of the amortization total. The

large difference between the periods is due to a write-down of goodwill in PartnerTech. The amortization of goodwill in associated companies is included in "Shares in earnings of associated companies before tax." Skanditek's principle is to amortize goodwill over five years. Remaining goodwill amounts to SEK 24.4 m of which SEK 20.5 m amortizes 2003.

The consolidated net loss amounted to SEK 212.7 m (loss: 40.1), corresponding to a loss per share of SEK 3.66 (loss: 0.69).

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 year, the Group's liquid funds totaled SEK 60.8 m (102.0). In addition, there were short-term investments in the form of investments in mutual funds and publicly traded shares in an amount of SEK 36.5 m (43.3). There were no interest-bearing liabilities (0).

Liquid funds available for investment activities (excluding portfolio companies within the Group) amounted to SEK 29.4 m (70.2) and short-term investments to SEK 36.5 m (43.3). There were no interest-bearing liabilities (0).

The equity/assets ratio in the Group was 63 percent (71).

Shareholders' equity corresponded to SEK 7.63 (11.63) per share.

### Listed portfolio companies

At the end of the year, the market value of the Group's shareholdings in listed portfolio companies was SEK 450.9 m, corresponding to SEK 7.77 per share. On February 19, 2003, the corresponding values were SEK 353.6 m and SEK 6.09 per share, respectively.

The book value of the corresponding holdings at December 31 was SEK 251.3 m, or SEK 4.33 per share.

### Sales and earnings in major portfolio companies

Amounts in SEK millions	January – December 2002			January – December 2001		
	Net sales	Operating profit/loss	Operating margin, %	Net sales	Operating profit/loss	Operating margin, %
Axis <sup>1)</sup>	670.3	39.7	5.9	675.9	-83.3	-12.3
CMA Microdialysis	61.3	-10.6	-17.3	53.2	-3.8	-7.1
LGP Telecom Holding	1,378.6	29.1	2.1	1,134.7	-27.2	-2.4
Mydata Automation	447.2	-26.4	-5.9	623.7	-13.6	-2.2
PartnerTech	1,339.2	-82.1	-6.1	1,126.8	-25.7	-2.3
Vitrolife	103.3	-122.4	-118.5	100.1	-43.4	-43.4

<sup>1)</sup> The comparative figures do not include the divested subsidiary Netch.

<sup>2)</sup> Including an item affecting comparability of SEK 50.4 m in operating profit during 2002.

<sup>3)</sup> Including restructuring costs of SEK 89.3 m in operating profit during 2002.

#### 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 part of the year when the companies were owned by Skanditek, amounted to SEK 1,049 m (1,315).

Skanditek's share of the portfolio companies' operating profit/loss amounted to a loss of SEK 81 m (loss: 41).

**Axis's** net sales for comparable units (excluding the divested subsidiary Netch) amounted to SEK 670.3 m (675.9). Operating profit improved by SEK 122.9 m to SEK 39.7 m. Sales growth remained favorable in the Video product area, rising by 26 percent compared with 2001. Video accounts for 45 percent of the company's total sales and is thus Axis's largest product area. Cash flow from continuing operations amounted to SEK 6.8 m (neg: 25.6). During 2003, Axis will assign priority to technological, product and market development in the video segment, which is estimated to have considerable potential for long-term growth.

**CMA Microdialysis** increased its net sales by 15 percent to SEK 61.3 m (53.2). An operating loss of SEK 10.6 m (loss: 3.8) was reported for the year. Earnings were charged with considerable marketing investments for the build-up of an in-house sales organization and were also inhibited by lower-than-expected sales. CMA Microdialysis has received FDA clearance to market the CMA Cerebral Tissue Monitoring System. This is a milestone in the history of the company as it opens one of the largest markets in the world.

**LGP Telecom's** net sales for the year amounted to SEK 1,378.6 m (1,134.7), up 21.5 percent. An operating profit of SEK 29.1 m (loss: 27.2) was reported.

Cash flow from continuing operations during the year was positive in the amount of SEK 136.4 m (26.2).

Following fiscal year-end, LGP directed a public offer to shareholders of Allgon AB (publ) regarding a merger of the two companies. The two companies are highly compatible with each other and the offer is supported by the companies' boards of directors. If the offer is completed, it is expected to enable cost savings of approximately SEK 75 m. The merged company would have annual sales of SEK 2.5 billion.

**Mydata Automation's** net sales during the year amounted to SEK 447.2 m (623.7). An operating loss of SEK 26.4 m (loss: 13.6) was reported. Mydata Automation has been severely affected by weaker demand in the market for equipment for the electronics industry. It has been concluded, however, that Mydata has performed better than other suppliers in the sector and has increased its market share. Mydata is maintaining the same level of research and development, 18 percent of net sales (18), for which SEK 82.6 m was charged against earnings for the year

**PartnerTech's** net sales during the year rose to SEK 1,339.2 m (1,126.8). The increase was attributable to the acquisition of Vellinge Electronics. For comparable units, total volume decreased by 16 percent. An operating loss of SEK 82.1 m (loss: 25.7) was reported. The main reasons for the weaker results were that earnings were charged with an additional write-down of goodwill

amounting to SEK 43.7 m and with restructuring costs totaling SEK 6.7 m. Cash flow from continuing operations was positive in the amount of SEK 91.4 m (neg: 98.8). PartnerTech and SAAB Bofors Dynamics signed a cooperation agreement during 2002. As part of this cooperation, PartnerTech took over operations with annual sales of about SEK 150 m from SAAB Bofors Dynamics, as of January 2003.

**Vitrolife's** net sales amounted to SEK 103.1 m. An operating loss of SEK 124.4 m (loss: 43.4) was reported. Earnings were charged with costs totaling SEK 89.3 m for restructuring measures aimed at enabling the company to report a profit and a positive cash flow as of the fourth quarter of 2003. This improvement will be based on an even stronger focus on core business, meaning the development and production of cell and tissue-cultivation media. As a result of the restructuring, all production is being concentrated in Kungsbacka, Sweden. Cash flow from continuing operations was negative in the amount of SEK 34.8 m (neg: 25.3). During the year, Vitrolife divested the sales rights to the Opthalin and Fermathron products and sold a production plant in Scotland. Vitrolife has obtained FDA approval for the marketing of a new series of cell-cultivation media for In Vitro Fertilization.

### **Parent Company**

The Parent Company had no net sales during the year (0). A pretax loss of SEK 224.8 m (loss: 220.1) was reported. The large loss was mainly attributable to write-downs of portfolio companies totaling SEK 219.0 m, primarily related to PartnerTech and Vitrolife. The write-downs had an adverse impact of SEK 10.1 m on consolidated earnings. The other items in the Parent Company's results are dividends and expenses for management activities.

The Parent Company's investments in portfolio companies totaled SEK 14.4 m (152). Investments in tangible fixed assets during the year amounted to SEK 0.2 m (0).

Liquid funds at the end of 2002 totaled SEK 4.8 m (beginning of the year: 26.9). In addition, the Parent Company had short-term investments in mutual funds and publicly traded shares with a market value of SEK 19.0 m (beginning of the year: 19.0). There were no interest-bearing liabilities (0).

The equity/assets ratio was 97 percent (98).

### **Accounting principles**

This report has been prepared in accordance with Sweden's Annual Accounts Act and the Financial Accounting Standards Council's recommendations. As of January 1, 2002, Skanditek applies all of the Financial Accounting Standards Council's recommendations.

Application of RR15, Intangible Assets, in the consolidated accounts had a favorable impact of SEK 9.4 m on the Group's earnings and financial position. According to RR15, expenses for the development of new products are to be reported as intangible assets if it is highly likely that the expenses will result in future financial benefits for the investing company. Due to Skanditek's decision to apply the new recommendations, recognition of development expenses as an asset is subject to extremely stringent demands.

The other new recommendations from the Financial Accounting Standards Council did not have an impact on Skanditek's earnings and financial position.

### **Information**

This year-end report has not been examined specifically by the Company's auditor.

### **Annual General Meeting**

The Annual General Meeting will be held at 5 p.m. on Wednesday, March 26, 2003, at Svenska Läkaresällskapet, Klara Östra Kyrkogata 10, Stockholm. See the invitation enclosed with this year-end report and the separate invitation published in the newspaper SvD and the Official Gazette.

### **Dividend**

The Board of Directors proposes that no dividend be paid to shareholders for the 2002 fiscal year (SEK 0.20 per share).

**Forthcoming financial reports**

The printed Annual Report is scheduled for distribution to shareholders as of March 10, from which date it will be available to the public at the Company's office, see address on the back page.

The scheduled publication dates for interim reports during the 2003 fiscal year are as follows:

Interim report Q1:	April 29, 2003
Interim report Q2:	August 14, 2003
Interim report Q3:	October 23, 2003

Interim reports and press releases are published in Swedish and English.

Stockholm, February 20, 2003

SKANDITEK INDUSTRIFÖRVALTNING AB (publ)

Board of Directors

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For further information, please contact:

Patrik Tigerschiöld, President,  
Telephone +46-8-614 00 20, mobile phone +46-70-777 71 90, e-mail: patrik.tigerschiold@skanditek.se

Jonas Alfredson, Financial Manager, Telephone +46-8-614 00 29, e-mail: jonas.alfredson@skanditek.se

	<b>12 mos</b> <b>2002</b> <b>Jan-Dec</b>	<b>12 mos</b> <b>2001</b> <b>Jan-Dec</b>	<b>3 mos</b> <b>2002</b> <b>Oct-Dec</b>	<b>3 mos</b> <b>2001</b> <b>Oct-Dec</b>
Amounts in SEK thousands				
<b>Group income statements</b>				
Net sales	508 530	1 158 171	149 171	212 771
Cost of goods sold	-318 483	-828 893	-92 737	-154 602
<b>Gross profit</b>	<b>190 047</b>	<b>329 278</b>	<b>56 434</b>	<b>58 169</b>
Result from divestments of portfolio companies		-8 476	0	-8 476
Share in earnings of associated companies before tax	-168 851	29 287	-131 067	25 681
Result from participations in other portfolio companies	-10 030	-7 653	-10 030	36
Sales expenses	-109 268	-139 905	-29 946	-29 911
Administrative expenses	-45 630	-79 359	-11 814	-18 828
Research and development costs	-83 551	-119 627	-22 906	-27 453
Other operating revenues and operating expenses	7 102	-13 740	4 409	-4 754
Amortization of goodwill	-21 756	-43 189	-5 439	-9 387
Reversal of negative goodwill	2 444	2 444	611	611
<b>Operating loss</b>	<b>-239 493</b>	<b>-50 940</b>	<b>-149 748</b>	<b>-14 312</b>
<i>Result from financial investments</i>				
Other interest income and similar income-statement items	9 123	15 243	2 736	-601
Interest expenses and similar income-statement items	-7 718	-10 289	1 394	3 360
<b>Loss after financial items</b>	<b>-238 088</b>	<b>-45 986</b>	<b>-145 618</b>	<b>-11 553</b>
Minority interests in profit	18 418	4 919	2 572	8 544
<b>Loss before tax</b>	<b>-219 670</b>	<b>-41 067</b>	<b>-142 544</b>	<b>-3 009</b>
Current tax	-33	-6 835	375	164
Deferred tax	5 311	7 893	-3 345	7 577
Share in tax of associated companies	1 697	-133	-192	-1 488
<b>Net profit/loss for the year</b>	<b>-212 695</b>	<b>-40 142</b>	<b>-146 208</b>	<b>3 244</b>

**Group key ratios**

Earnings per share after tax, SEK	-3.66	-0.69	-2.52	0.06
Equity per share, SEK	7.63	11.63	7.63	11.63
Number of shares at the end of the period, thousands <sup>1)</sup>	58 040	58 040	58 040	58 040
Average number of shares, thousands	58 040	58 040	58 040	58 040
Market price at the end of the period, SEK	10.30	27.40	10.30	27.40
Market value, SEK m	598	1 590	598	1 590
Equity/asset ratio, %	63	71	63	71
Average number of employees	368	394	368	394

<sup>1)</sup> There are no issued financial instruments that could increase the number of shares.

	<b>12 mos</b>	<b>12 mos</b>	<b>3 mos</b>	<b>3 mos</b>
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
Amounts in SEK thousands	<b>Jan-Dec</b>	<b>Jan-Dec</b>	<b>Oct-Dec</b>	<b>Oct-Dec</b>
<b>Group cash flow statements</b>				
Cash flow from continuing operations	-15 070	43 690	5 509	-36 096
Cash flow from investment activities	-18 688	4 300	-1 218	30 117
Cash flow from financial activities	-7 476	-16 100	1 100	19 793
<b>Cash flow for the year</b>	<b>-41 234</b>	<b>31 890</b>	<b>3 191</b>	<b>13 814</b>
<b>Net sales per company</b>				
CMA Microdialysis AB	61 319	53 246	14 616	14 613
Mydata Automation AB	447 211	623 724	134 555	112 573
Vellinge Electronics AB <sup>1)</sup>	-	481 201	-	85 585
<b>Group total</b>	<b>508 530</b>	<b>1 158 171</b>	<b>149 171</b>	<b>212 771</b>
<b>Operating profit/loss per company</b>				
Skanditek Industriförvaltning AB	-224 547	-223 300	-222 298	-217 025
CMA Microdialysis AB	-10 623	-3 776	-5 069	-2 547
Mydata Automation AB	-26 373	-13 581	688	-17 395
Vellinge Electronics AB <sup>1)</sup>	-	8 517	-	1 515
Other Group companies <sup>2)</sup>	-160	14 143	-115	4 484
Earnings from shares in associated companies	-74 738	-14 568	-57 763	14 785
Earnings from shares in associated companies, goodwill	94 113	-19 381	-73 219	-5 502
Earnings from shares in associated companies, issue		63 236		16 398
Goodwill in Group companies, net	-19 312	-40 745	-4 828	-8 776
Consolidation adjustments of Vellinge/PartnerTech	-	183 029	-	183 029
Group eliminations	210 373	-4 514	212 856	16 722
<b>Group total</b>	<b>-239.493</b>	<b>-50 940</b>	<b>-149 748</b>	<b>-14 312</b>

<sup>1)</sup> Vellinge Electronics was a Group company until November 2001.

<sup>2)</sup> Refers to companies that conduct portfolio management and securities trading activities and principally consists of dividends and capital gains/losses.

Amounts in SEK thousands	2002 Dec 31	2001 Dec 31
<b>Group balance sheets</b>		
<b>ASSETS</b>		
<b>Fixed assets</b>		
Intangible assets	31 401	41 208
Tangible assets	10 424	15 695
Financial assets	325 696	502 708
<b>Total fixed assets</b>	<b>367 521</b>	<b>559 611</b>
<b>Current assets</b>		
Inventories, etc.	95 847	120 118
Current receivables	154 051	137 757
Short-term investments	29 127	28 018
Cash and bank balances	60 790	102 024
<b>Total current assets</b>	<b>339 815</b>	<b>387 917</b>
<b>TOTAL ASSETS</b>	<b>707 336</b>	<b>947 528</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>442 715</b>	<b>675 058</b>
<b>Minority interests</b>	<b>142 503</b>	<b>168 308</b>
<b>Provisions</b>	<b>17 978</b>	<b>22 805</b>
<b>Long-term liabilities</b>		
Interest-bearing liabilities	-	-
Non-interest-bearing liabilities	550	-
<b>Total long-term liabilities</b>	<b>550</b>	<b>0</b>
<b>Current liabilities</b>		
Interest-bearing liabilities	-	12
Non-interest-bearing liabilities	103 590	81 345
<b>Total current liabilities</b>	<b>103 590</b>	<b>81 357</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>707 336</b>	<b>947 528</b>
<b>Change in Group' equity</b>		
<b>Opening balance</b>	<b>675 058</b>	<b>725 259</b>
Dividend to shareholders	-11 608	-11 608
Other changes	-8 040	1 549
Net loss for the year	-212 695	-40 142
<b>Closing balance</b>	<b>442 715</b>	<b>675 058</b>



## Skanditek's portfolio companies

Skanditek's portfolio companies, with the holding shown as the percentage share of capital held on February 20, 2003 (excluding options and convertibles):

COMPANY	NATURE OF BUSINESS	HOLDING <sup>1)</sup>
<b>IT and Telecom</b>		
Axis AB <sup>2)</sup>	Network-based products for video, printing and storage applications	14%
LGP Telecom Holding AB <sup>2)</sup>	Telecom products and advanced industrial components	9%
Mydata Automation AB	Advanced machinery for surface mounting of electronic components	39%
<b>Subcontract production of electronics</b>		
PartnerTech AB <sup>2)</sup>	Systems supplier that develops and manufactures electronic products	40%
<b>Internet-based services</b>		
Theeducation AB	Education via virtual classrooms on the Internet	29%
<b>Financial services</b>		
H Lundén Kapitalförvaltning AB	Asset management	14%
PBK Outsourcing AB	Turnkey solutions for business management and accounting	50%
<b>Media</b>		
The Chimney Pot AB	Post-production and effects for film and video	41%
<b>Biotechnology</b>		
CMA Microdialysis AB	Medical devices	58%
InRo BioMedTek AB	Reagents for diagnostic and therapeutic purposes	33%
Vitrolife AB <sup>2)</sup>	High-quality nutritional solutions for storage of organs, etc.	35%

<sup>1)</sup> Holdings in Skanditek's subsidiary G Kallstrom & Co have been adjusted so that they correspond to the percentage shareholding of 70 percent.

<sup>2)</sup> Axis, LGP Telecom Holding, PartnerTech and Vitrolife are listed on the Stockholmsbörsen's "O" list.

### Skanditek Industriförvaltning AB (publ)

Kungsträdgårdsgatan 18 • SE-111 47 Stockholm • Sweden • Corp Reg No 556235-4141  
 Phone +46-8-614 00 20 • Fax +46-8-614 00 38 • info@skanditek.se • [www.skanditek.se](http://www.skanditek.se)