

SKANDITEK

INTERIM REPORT

JANUARY – JUNE
2003

- Pretax loss of SEK 23.5 m reported (corresponding period of the preceding year: loss of 49.5).
- Earnings include charge of SEK 10.3 m (charge: 23.6) for goodwill amortization.

Skanditek 

This is Skanditek

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 second quarter a capital contribution of SEK 2.0 m was granted to Phonepages of Sweden. Skanditek's ownership share is 14.9 percent.

Investments in portfolio companies during the period amounted to SEK 8.6 m (15.4).

Divestments of portfolio companies during the period amounted to SEK 0 m.

The Group's net investments in tangible fixed assets amounted to SEK 0.4 m (0.6).

Net sales and earnings

Consolidated net sales totaled SEK 235.0 m (262.2).

The Group reported a pretax loss of SEK 23.5 m (loss: 49.5). Profit was charged with goodwill amortization and the reversal of negative goodwill in a net amount of SEK 10.3 m (net charge: 23.6). Group companies accounted for SEK 9.7 m (9.6) and associated companies for SEK 0.6 m (14.0) of the amortization total. The latter amount is included in "Shares in earnings of associated companies be-

fore tax." Skanditek's principle is to amortize goodwill over five years.

The consolidated net loss amounted to SEK 19.5 m (loss: 43.8), resulting in a loss per share of SEK 0.34 (loss: 0.75).

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 liquid funds totaled SEK 35.7 m (70.7). In addition, there were short-term investments in the form of investments in mutual funds and publicly traded shares with a market value of SEK 28.9 m (49.3). There were no interest-bearing liabilities (0).

Liquid funds available for investment activities (excluding portfolio companies within the Group) amounted to SEK 18.1 m (49.4) and short-term investments to SEK 28.9 m (49.3). There were no interest-bearing liabilities (0).

The equity/assets ratio in the Group was 65 percent (70).

Shareholders' equity corresponded to SEK 7.21 (10.57) per share.

Listed portfolio companies

At the end of the period, the market value of the Group's shareholdings in listed portfolio companies was SEK 369.8 m, corresponding to SEK 6.37 per share. On August 13, 2003, the corresponding values were SEK 383.9 m and SEK 6.61 per share, respectively.

The book value of the corresponding holdings at June 30 was SEK 240.1 m, or SEK 4.14 per share.

Sales and earnings in major portfolio companies

Amounts in SEK millions	January – June 2003			January – June 2002		
	Net sales	Operating profit/loss	Operating margin	Net sales	Operating profit/loss	Operating margin
Axis	305.4	-3.7	-1.2	334.7	18.2	5.4
CMA Microdialysis	25.6	-10.3	-40.2	33.4	-2.5	-7.4
LGP Telecom Holding	824.9	-153.2	-18.6	583.9	-42.8	-7.3
MYDATA automation	209.3	-15.0	-7.2	228.7	-15.4	-6.7
PartnerTech	652.6	-19.1	-2.9	688.8	-28.8	-4.2
Vitrolife	48.8	-6.6	-13.5	62.4	-13.6	-21.8

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 502.0 m (529.9).

Skanditek's share of the portfolio companies' operating profit/loss amounted to a loss of SEK 38.9 m (loss: 23.2).

Axis's net sales amounted to SEK 305.4 m (334.7). Currency movements had a negative impact of SEK 40 m on sales during the period. Continued healthy growth was noted in the video product area, with sales rising by 15 percent compared with the year-earlier period. Video accounts for 53 percent of the company's total sales, making it the largest product area. An operating loss of SEK 3.7 m (profit: 18.2) was reported for the period. Currency movements had a negative impact of SEK 4 m on operating profit. Cash flow from continuing operations was negative in an amount of SEK 7.5 m (pos: 9.2).

CMA Microdialysis's net sales amounted to SEK 25.6 m (33.4). Approximately 35 percent of sales is in USD which has affected the sales negative because the currency movements. An operating loss of SEK 10.3 m (loss: 2.5) was reported for the period. The weaker operating result was due to currency movements and increased development costs and the fact that the expected sales growth did not materialize.

LGP Telecom acquired Allgon at the end of March 2003. Integration activities are proceeding as planned. Jointly, the two companies constitute a significant player in the market for mobile telecommunications equipment, with strong positions in Europe, North America and Asia. The new group will have annual sales of about SEK 2.5

billion, with approximately 1,500 employees in 13 countries.

Net sales during the period amounted to SEK 824.9 m (583.9) and an operating loss of SEK 153.2 m (loss: 42.8) was reported. Items affecting comparability is included in the operating loss amounted to SEK 102.5 m. Allgon is consolidated in the income statement as of the second quarter.

MYDATA automation's net sales during the period amounted to SEK 209.3 m (228.7). An operating loss of SEK 15.0 m (loss: 15.4) was reported. MYDATA automation continues to be affected by weaker demand in the market for equipment for the electronics industry. Order bookings remained low during the second quarter, with a slight increase noted in the end of the period.

The rate of investment in research and development during the period corresponded to 22 percent (18) of sales. The percentage increase was due in part to the reduced sales and increase in R&D costs. During the period, R&D costs of SEK 45.8 m (41.7) were charged against earnings.

PartnerTech's net sales during the period amounted to SEK 652.6 m (688.8). For comparable units, total volume during the period decreased by 15 percent. The Telecom/Infrastructure business area accounted for most of decrease in volume. An operating loss of SEK 19.1 m (loss: 28.8) was reported. Cash flow from continuing operations amounted to SEK 11.3 m (64.0). Demand in the company's market was weak during the first half of the year. Signs of a slight recovery were noticeable towards the end of the period.

Vitrolife's net sales amounted to SEK 48.8 m (62.4). Sales figures for the year-earlier period include the Biosupportive Systems business area, which was divested in July 2002. Sales within core operations rose by 23 percent to SEK 48.8 m (39.6).

An operating loss of SEK 6.6 m (loss: 13.6) was reported. Gross margins improved as a result of more efficient production technology and the increase in net sales.

The savings and restructuring program implemented around year-end, which focused on the core operations of fertility and transplantation systems, has now been completed according to plan. Cash flow from continuing operations was negative in an amount of SEK 14.6 m (neg: 13.0).

Parent Company

The Parent Company's net sales amounted to SEK 0 m (0). A pretax earning of SEK 0.0 m (profit: 0.6) was reported which mainly resulted from expenses for management activities and capital gains on short-term investments.

The Parent Company's investments in portfolio companies totaled SEK 7.3 m (12.0). There were no investments in tangible fixed assets during the period (0.1).

Liquid funds at the end of the period totaled SEK 0.5 m (beginning of the year: 4.8). In addition, the Parent Company had short-term investments in mutual funds and publicly traded shares with a market value of SEK 12.6 m (beginning of the year: 19.0). There were no interest-bearing liabilities (0).

The equity/assets ratio was 95 percent (97).

Accounting principles

This interim report has been prepared in accordance with Sweden's Annual Accounts Act and the Financial Accounting Standards Council's recommendations. The accounting and calculation principles used in the most recent annual report, plus the Financial Accounting Standards Council's recommendations that became effective on January 1, 2003, have been applied in this interim report.

Information

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

Forthcoming financial reports

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

Third quarter: October 23

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

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	6 months 2003 Jan-June	6 months 2002 Jan-June	3 months 2003 Apr-June	3 months 2002 Apr-June	12 months 2002 Jan-Dec
Amounts in SEK thousands					
Group income statements					
Net sales	234 959	262 159	107 476	123 579	508 530
Cost of goods sold	-151 714	-154 888	-67 841	-70 707	-318 483
Gross profit	83 245	107 271	39 635	52 872	190 047
Shares in earnings of associated companies before tax	-5 901	-26 531	-424	-10 449	-168 851
Result from participations in other portfolio companies	2 031		2 031	-	-10 030
Sales expenses	-50 166	-55 410	-23 900	-27 488	-109 268
Administrative expenses	-23 711	-23 354	-11 373	-11 615	-45 630
Research and development costs	-53 610	-43 583	-24 614	-23 114	-83 551
Other operating revenues and operating expenses	14 448	-6 769	8 681	-1 444	7 102
Amortization of goodwill	-10 879	-10 879	-5 439	-5 510	-21 756
Reversal of negative goodwill	1 222	1 222	611	611	2 444
Operating profit/loss	-43 321	-58 033	-14 792	-26 097	-239 493
			0		
<i>Result from financial investments</i>			0		
Other interest income and similar profit/loss items	12 161	6 936	4 722	1 407	9 123
Interest expenses and similar profit/loss items	-2 164	-7 621	-848	-3 435	-7 718
Profit/loss after financial items	-33 324	-58 718	-10 918	-28 125	-238 088
			0		
Minority interests in profit	9 852	9 174	4 752	4 699	18 418
Profit/loss before tax	-23 472	-49 544	-6 166	-23 426	-219 670
			0		
Tax on profit for the year	-	-302	-	-261	-33
Deferred tax	3 945	5 380	2 034	2 097	5 311
Shares in tax of associated companies	68	694	-587	1 795	1 697
Net profit/loss for the period	-19 459	-43 772	-4 719	-19 795	-212 695

Group key ratios

Earnings per share after tax, SEK	-0.34	-0.75	-0.08	-0.34	-3.66
Equity per share, SEK	7.21	10.57	7.21	10.57	7.63
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
Market price at the end of the period, SEK	9,05	17,00	9,05	17,00	10,30
Market value, SEK m	525	987	525	987	598
Equity/asset ratio, %	65	70	65	70	63
Average number of employees	353	358	353	361	368

¹⁾ There are no issued financial instruments that could cause dilution of the number of shares.

	6 months 2003	6 months 2002	3 months 2003	3 months 2002	12 months 2002
Amounts in SEK thousands	Jan-June	Jan-June	Apr-June	Apr-June	Jan-Dec

Group cash flow statements

Cash flow from operating activities	-18 325	-9 493	12 061	-23 391	-15 070
Cash flow from investment activities	-8 347	-17 388	-4 689	-11 463	-18 688
Cash flow from financial activities	1 592	-4 488	-12 672	-4 826	-7 476
Cash flow for the period	-25 080	-31 369	-5 300	-39 680	-41 234

Net sales per company

CMA Microdialysis AB	25 597	33 444	12 423	16 766	61 319
MYDATA automation AB	209 319	228 715	95 028	106 813	447 211
Group total	234 916	262 159	107 451	123 579	508 530

Operating profit/loss per company

Skanditek Industriförvaltning AB	-4 990	1 191	-2 466	4 175	-224 547
CMA Microdialysis AB	-10 339	-2 500	-6 045	-1 321	-10 623
MYDATA automation AB	-14 996	-12 496	-7 488	-4 157	-26 373
Other Group companies ¹⁾	3 129	5 908	3 970	3 417	-160
Earnings from shares in associated companies	-5 272	-26 531	-109	-10 449	-74 738
Earnings from shares in associated companies, goodwill	-629		-315		-94 113
Goodwill in Group companies, net	-9 656	-9 657	-4 827	-4 899	-19 312
Group eliminations	-568	-13 948	2 488	-12 863	210 373
Group total	-43 321	-58 033	-14 792	-26 097	-239 493

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

Amounts in SEK thousands	2003 June 30	2002 June 30	2002 Dec 31
Group balance sheets			
ASSETS			
Fixed assets			
Intangible assets	21 162	34 495	31 401
Tangible assets	8 278	12 445	10 424
Financial assets	319 492	478 433	325 696
Total fixed assets	348 932	525 373	367 521
Current assets			
Inventories, etc.	94 199	95 962	95 847
Current receivables	145 490	154 012	154 051
Investments	21 719	30 026	29 127
Cash and bank balances	35 710	70 655	60 790
Total current assets	297 118	350 655	339 815
TOTAL ASSETS	646 050	876 028	707 336
EQUITY AND LIABILITIES			
Equity	418 448	613 477	442 715
Minority interests	132 413	152 008	142 503
Provisions	18 053	22 037	17 978
Long-term liabilities			
Interest-bearing liabilities	-	-	-
Non-interest-bearing liabilities	560	550	550
Total long-term liabilities	560	550	550
Current liabilities			
Interest-bearing liabilities	-	13	-
Non-interest-bearing liabilities	76 576	87 943	103 590
Total current liabilities	76 576	87 956	103 590
TOTAL EQUITY AND LIABILITIES	646 050	876 028	707 336
Change in Group' equity			
Opening balance	442 715	675 058	675 058
Dividend to shareholders	-	-11 608	-11 608
Other changes *	-4 808	-6 201	-8 040
Net loss for the period	-19 459	-43 772	-212 695
Closing balance	418 448	613 477	442 715

Skanditek's portfolio companies

Skanditek's portfolio companies and holding shown as the percentage share of capital held on August 14, 2003 (excluding options and convertibles).

COMPANY	NATURE OF BUSINESS	HOLDING ¹⁾
IT and Telecom		
Axis AB ²⁾	Network products and mobile Internet	14%
LGP Telecom Holding AB ²⁾	Telecom products and advanced industrial components	6%
MYDATA automation AB	Advanced machinery for surface mounting of electronic components	39%
Electronics		
PartnerTech AB ²⁾	Systems supplier that develops and manufactures electronic products	40%
Services		
H Lundén Kapitalförvaltning AB	Asset management	14%
PBK Outsourcing AB	Turnkey solutions for management accounting	50%
Theeducation AB	Education via virtual classrooms on the Internet	29%
The Chimney Pot AB	Post-production and effects for film and video	41%
Biotechnology		
CMA Microdialysis AB	Medical devices	58%
InRo BioMedTek AB	Reagents for diagnostic and therapeutic purposes	33%
Vitrolife AB ²⁾	High-quality nutritional solutions for storage of organs, etc.	35%

¹⁾ Holdings in Skanditek's subsidiary G Kallstrom & Co have been calculated to correspond to the percentage shareholding of 70 percent.

²⁾ Axis, LGP Telecom Holding, PartnerTech and Vitrolife are listed on the Stockholm Exchange's "O" list.

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