



LEDSTIERNAN

INTERIM REPORT JANUARY–SEPTEMBER 2001

- * The result for the third quarter was a loss of MSEK 14 and the accumulated loss for the ninemonth-period January-September was a loss of MSEK 176. A write-down in the value of the portfolio accounts for MSEK 150, none of which was charged during the third quarter.
- * Equity of MSEK 602 or SEK 5.53 per share. Equity ratio of 98 per cent
- * Investments in portfolio companies amounted to MSEK 163 during the period (of which MSEK 49 in Q3).
- * Closing liquid funds amounted to MSEK 267 or SEK 2.45 per share
- * Measures approved and taken to reduce cost base to MSEK 25, on an annual basis. All winding-up and restructuring costs (MSEK 8) were charged against the quarter's income.
- * New outside investors such as Siemens Mobile Acceleration GmbH, Skandia, MIC and Swedish Industrial Development Fund invested a total amount of MSEK 63 in 4 of the portfolio companies during the third quarter at levels corresponding to the average acquisition price.

Ledstiernan is building Europe's leading seed and venture capital company with a special focus on Mobile Communication.

FINANCIAL DEVELOPMENTS

Ledstiernan incurred a loss of MSEK 14 for the third quarter 2001 before net financial items. The accumulated loss for the nine month period amounted to MSEK 176. This figure includes write-downs of MSEK 150 in the value of the portfolio, of which Digital Mobility accounted for MSEK 74, as reported in the half-yearly report. No further write-downs were made during the third quarter. All winding-up and restructuring costs, amounting to MSEK 8, for the adaption of the business to the prevailing market situation were charged against the quarter's income. This means that as of the fourth quarter the cost base will be running at an annual level of MSEK 25.

Accumulated write-downs in the value of the existing portfolio amount to MSEK 250, of which approximately MSEK 150 should be regarded as provisions and around MSEK 100 as proven losses.

Ledstiernan's operating expenses consist primarily of personnel costs, rent, and direct costs associated with its investment activities. These have increased in relation to the same period last year following the expansion of the organisation. However, operating costs will be markedly lower in the future. A cost-reduction programme involving cutbacks was implemented during the third quarter, including the closure of the office in London and other adjustments that will bring the annual cost base to MSEK 25.

PORTFOLIO DEVELOPMENTS

The company continued to focus on developing its existing portfolio. No new investments were made during the third quarter. Investments in existing portfolio companies amounted to MSEK 49 during the period.

Total investments during the first nine months of the year amounted to MSEK 163, of which second phase investments in existing portfolio companies accounted for MSEK 158.

Prior to the finalisation of the quarterly accounts, each company in the portfolio was evaluated to determine whether it is overvalued or undervalued in relation to its acquisition value. The portfolio companies are stated in the books at the lower of acquisition value and estimated market value. Ledstiernan also presents the portfolio in the section entitled supplementary information at acquisition value, which is identical to invested capital, as well as at transaction value in those cases where a third party has provided a high level of financing or, if the company's shares are listed on a stock market, at the latest price paid for the shares as at September 30th 2001.

During the third quarter, several major financing projects involving new, outside parties, were arranged. They are:

- ❑ **IP Unplugged AB** received MSEK 48 from the **Swedish Industrial Development Fund** and **Mobile Internet Capital**, a Japanese company in which NTT DoCoMo has an interest, and Ledstiernan who invested 22 MSEK on a postmoney valuation of MSEK 178.
- ❑ **Mint**, for which **Skandia** has provided financing of MSEK 20, of which MSEK 10 on a valuation of MSEK 100 post-money, together with an MSEK 10 convertible loan.

- **The Phone Pages** has received MSEK 10.8 from **Siemens Mobile Acceleration GmbH**, which has subscribed to shares corresponding to 10.7 per cent of the company giving a post-money valuation of MSEK 100.
- **RoamInfo** has received MSEK 6 from the **Swedish Industrial Development Fund** on a post-money valuation of MSEK 23, to launch a unique access gateway for mobile Internet known as *RoamConnect*.

At the end of the period there were 36 portfolio companies, of which 14 are in the mobile communication focus area, which accounts for 59 per cent of the invested capital (after exercise of options: 63 per cent).

During the period, many of the portfolio companies made significant commercial advances. Interesting cases include the following:

Ambio - mobile online solution for the property industry – has signed contracts and delivered its system to organisations including Vasakronan, BodenBo and the Swedish Armed Forces, where it is now in operation.

CCNOX – a leading firm of IT security consultants. After one year in business, the company has demonstrated its ability to generate stable earnings.

Euroflower.net, which is an on-line B2B flower market giving wholesalers direct access to florists, reached break-even in September. Euroflower's turnover is growing steadily, and the company is moving in the right direction in terms of earnings.

Infomakers has signed a contract with SEB to operate a service that will enable SEB to improve its customer service at bank branches via Internet terminals.

Incomit has recently started up a number of important paid pilot-projects with Telenor, a world-leading American operator, and other companies. The company simplifies and reduces the cost of creating new telecom services through its products **i-Sea** – an application server that creates accessibility to information and intelligence in mobile and fixed telecom networks, and **i-Sluice** – a gateway that provides the network operator with total security when using i-Sea.

MGON – one of the leading online computer games portals, has reached a figure of 1.5 million unique visits per month and 50 million hits (Source: DoubleClick). This represents traffic growth of more than 100 per cent during the period. At the beginning of December, it will be launching **eSports**, a unique concept enabling players all over the world to compete with each other online. With its **eSports** concept, MGON, together with local ISPs, will be creating portals where gamers compete for championship titles and attractive prizes.

Mint – the company that enables you to use your mobile phone for shopping – has further developed its business and entered into an agreement with Stockholm Parkering for the payment of streetparking charges via the mobile phone, a system that was brought into operation in September. Person-to-person payments, via the mobile phone have also been further developed and brought into operation.

North Node – The company has developed products to enable online homes/properties, and broadband services for the energy, security and home help sectors. The company has distribution and marketing agreements with leading players on the market such as ABB, Momentum, Fiberdata, Skanska, and Bravida, as well as Intelli of Norway. Its customers also include Örebro Bostäder, Markvärden i Göteborg, Karlstadsbostäder and Platzer Bygg.

Repeat IT – has developed **Wilma III**, a system of products for fixed wireless broadband. The products have recently been finalised and tested in a pilot project on Ljusterö, which has resulted in orders from Norrtälje Energi, Katrineholms Energi and other companies. Repeat IT has a number of co-operation agreements, including one with Philips Communication in Sweden, for sales to local and regional authorities.

RoamInfo - Together with operators in 10 European countries, RoamInfo is launching a unique access gateway for mobile internet, known as *RoamConnect*. This product provides lower cost access to mobile internet. Initially, the services will be available via Halebop (Telia) and Zed for Business (Sonera).

Ticket Anywhere – has developed a market-leading platform for the distribution and control of mobile documents of value. Customers include Sandrews, which will initially be using Ticket Anywhere's platform at all its cinemas in Stockholm, the Öresund bridge, Nordnet and Svenska Spel.

Voice Provider is the leading company in Sweden in the development of voice-control applications. The company has entered into agreements to deliver its voice-control services to Expressen, Aftonbladet, Nordnet, Svenska Spel and Swebus.

DIVESTMENTS AND EXIT PROFITS DURING NINE-MONTH PERIOD

The 48 per cent holding in Mobile Garden, a greenhouse company, was sold in May to Livförsäkrings AB Skandia for a capital gain of MSEK 1.7.

The 32.5 per cent holding in **Hotvision** was sold in July in return for a 6.5 per cent interest in Kamera, a new company that was formed by leading online TV company Kamera Interactive and into which Hotvision was injected.

ALLIANCES

In May, Ledstiernan entered into an alliance **with Mobile Internet Capital (MIC)**, a Japanese seed and venture capital company. The object is to support those of Ledstiernan's portfolio companies that wish to enter the Japanese market, to handle joint investments in mobile communication in Japan and the Nordic region, and to exchange information and experience. NTT DoCoMo, Japan's largest mobile telecom operator, has a 30 per cent interest in MIC. Two effects of the partnership are that MIC has invested in IP Unplugged and that an extensive programme has been arranged for our portfolio companies to visit Japanese customers and prospective investors.

IBM and Ledstiernan signed a Technical Alliance Agreement in October, making IBM a preferred solution provider for Ledstiernan's portfolio companies. As a result of this agreement several portfolio companies have entered into arrangements with IBM. One of these is Ambio, for which IBM and AU-System (amongst others) are developing its Focuz-system, a mobile solution for property companies.

INVESTMENTS AND SECOND PHASE INVESTMENTS

Of the period's total investments of MSEK 163, of which second phase investments amounted to MSEK 158, the following may be mentioned:

In March, together with Denmark's 2M Invest and the Norwegian company Telenor Venture, Ledstiernan made a second phase investment totalling MSEK 6 - MSEK 2 each - for an interest of 10 per cent each in **Voice Provider**, which is developing solutions for voice-controlled services.

In June, Ledstiernan made a second phase investment of just over MSEK 6 together with Telia Mobile in **TicketAnywhere** to give it 17.2 per cent of the votes and capital. TicketAnywhere is developing a platform for the mobile handling of documents of value, such as tickets, etc.

In September, Ledstiernan, Purpose and NextGear made a joint investment for a total value of MSEK 9.3 in **Ekonomi24**, to give Ledstiernan an interest of 26.3 per cent.

Also in September, Ledstiernan, together with MIC and the Swedish Industrial Development Fund, invested a further MSEK 48 in **IP Unplugged** in the form of a convertible loan. Following conversion, Ledstiernan's interest will amount to 49.7 per cent of the company.

In May, a new investment was made together with Telenor Ventures in **North Node**, one of the Nordic region's leading providers of hardware and software for intelligent homes and property. North Node's products and services are already in operation with several leading property owners. Ledstiernan and Telenor Ventures have each invested MSEK 5 to give them a combined 38.8 per cent interest in this company; they also have an option to invest an additional MSEK 11 for a further 28.2 per cent in the company, which would give them each an interest of 33.5 per cent. **North Node** has entered into an alliance with ABB.

At the end of the period, Ledstiernan had interests in 36 portfolio companies (of which three are being discontinued), acquired at a total investment cost of MSEK 590, or SEK 5.42 per share. Of the capital invested in the existing portfolio, write-downs of MSEK 100 were made as of December 31st 2000 and of MSEK 150 as of June 30th 2001. The book value of the portfolio at September 30th 2001 thus amounts to MSEK 340, or SEK 3.12 per share.

VENTURE CAPITAL MARKET AND FUTURE PROSPECTS

THE SECTOR

It will be some time before the VC sector turns back up. There is great interest and substantial amounts of capital from investors in the VC sector for investments in quality projects, but at relatively moderate valuation levels. The key to a general recovery within the mobile sector and mobile internet projects lies very much with mobile operators, who determine the pace of investment in the infrastructure and are central to the development of new services. The entire mobile operator and infrastructure industry needs to achieve financial equilibrium and stable profitability before the VC sector can show any general signs of a strong recovery.

The good news is that both data and mobile communication are still displaying impressive growth. There are also distinct signs that the new technology can generate new sources of revenue – for example, mobile Internet is performing strongly in Japan/Korea, and messaging/SMS in Europe.

LEDSTIERNAN

For Ledstiernan, the above scenario, coupled with our cash position, means that we have developed a strategy that involves:

- focusing on and working hard with our existing portfolio companies. There are promising opportunities for new investments, but only if we share the investment with other strong financiers.
- cost control in Ledstiernan and our portfolio companies. Ledstiernan has identified and decided upon measures that will gradually reduce the annual cost base to MSEK 25 at the fourth quarter 2001.
- a high level of activity in our financing activities in order to attract new external capital for the portfolio companies. We have completed four large-scale financing arrangements bringing new external investors into portfolio companies at valuation levels that match our acquisition value.
- Exit-activities put on hold. Ledstiernan has rejected offers to acquire some of our portfolio companies because of excessively low values.

The above strategy means that, before exits and investments in new companies, our liquid assets are sufficient to finance our portfolio companies until the end of 2004, by when the market will, hopefully, have turned back up. Exits at interesteng levels should also be possible during this period.

SIGNIFICANT EVENTS AFTER END OF PERIOD

North Node, the portfolio company which provides brightHome (a complete system for broadband connected homes and properties for the supply of energy, security and home-help services) has entered into an alliance with ABB whereby ABB will market and sell North Node's products and services as part of its package of cost-effective IP-based property services. This new strategic partnership between ABB and North Node will increase the ability of property-owners, companies and private persons to exploit the infrastructure provided by the open city network.

A decision has been made by **Avisator** to wind up the company, the Swedish part of which was sold in October to Provisa Information AB. The remaining parts are being sold, and Ledstiernan expects to recover its book value of MSEK 4.

Ledstiernan expects to recover some MSEK 2, over and above their book value, which is zero, from **Digital Mobility** and **Linkpool**, two other companies that are being wound up.

The above three companies will thus not generate any further losses.

LIQUID FUNDS AND FINANCIAL POSITION

Ledstiernan's closing liquid funds amounted to MSEK 267, or SEK 2.45 per share. Ledstiernan has no loan liabilities. By the end of 2001, after expected second phase investments in portfolio companies and administrative costs, liquid funds are expected to amount to some MSEK 225.

TAX

Ledstiernan's request for advance information regarding its application for investment trust status is with the Supreme Administrative Court, whose decision is expected in the autumn of 2001. The Corporate Taxation Committee of Enquiry's proposal for new corporate taxation is another important development that Ledstiernan is following closely. Accumulated loss allowances amounted to MSEK 96 at December 31st 2000. The write-downs of MSEK 250 in the value of the portfolio become deductible for tax purposes in the event of the assets in question being sold.

PERSONNEL

The number of employees at the end of the period was 14 (11), of whom three were abroad.

Stockholm, November 12th 2001
LEDSTIERNAN AB (publ)

Johan Wachtmeister
President

This report has not been examined by the company's auditors.

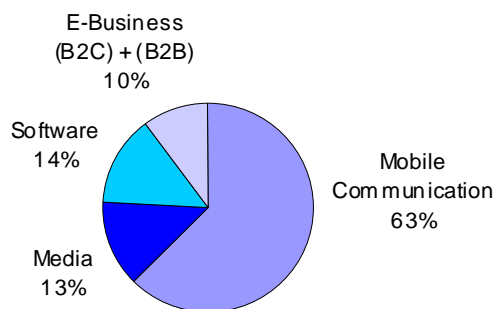
Financial Information

Year-end release 2001	February 12, 2002
Annual report 2001	March 2002
Annual General Meeting 2002	April 25, 2002

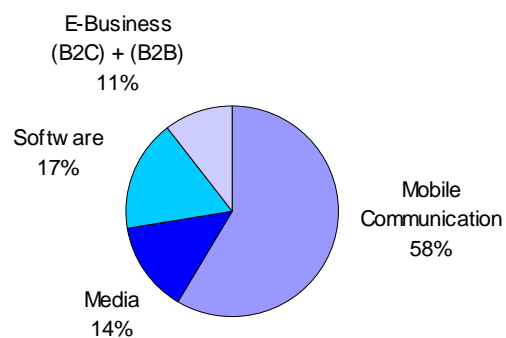
PORTFOLIO HOLDING BY INVESTMENT SECTOR 1)

Mobile Communication	Media	Software	E-Business
Ambio	Ekonomi24	CCNOX	B2C/B2B Fondmarknaden
CellPoint	Kamera	InfoAccelerator	B2B EuroFlower.net
Columbitech	Infomakers	Infonation	B2B Chinsay
EHS	Millenium Media Group	Iquity Systems	B2B Travis
Grupo Rodania	MGON International	GoPro Landsteinar Group	B2B Verktygshuset
Incomit		Start and Run	
ipUnplugged		TenFour	
Mint		AB VsMarket	
North Node			
Nordic Circle			
Repeat-IT			
RoamInfo			
the PhonePages			
Ticket Anywhere			
Voice Provider			

Breakdown of acquisition value of portfolio companies including options



Breakdown of acquisition value of portfolio companies



1) Excluding companies in liquidation.

PORTFOLIO AT SEPTEMBER 30, 2001

(ThSEK)

Company	List	Date of investment	Current	Equity stake	Acquisition	Convertible loan/loan	Market value listed shares
			Equity stake	using all options	value shares		
Listed portfolio companies							
Cellpoint	Nasdaq	Dec-99	0.2%	0.2%	294		371
Unlisted portfolio companies							
							Value at External transaction post-money
<i>Mobile Communication</i>							
ipUnplugged		Jan-00	49.7%	52.5%	72,351		88,466
Mint		May-00	41.3%	45.8%	45,280		41,300
Nordic Circle		Jul-99	31.5%	28.8%	41,399	2,200	
Incomit		Aug-00	29.9%	47.4%	25,121	10,000	
the Phone Pages of Sweden		Mar-00	42.0%	40.2%	24,332		42,000
Roaminfo		Dec-99	45.3%	41.9%	14,769		12,458
Repeat -It		Mar-00	25.6%	25.6%	10,249		
Columbitech		May-00	9.3%	9.2%	9,117		
Grupo Rodania		Oct-00	49.0%	49.0%	7,650		
TicketAnywhere	1)	Dec-00	17.2%	27.8%	7,085		
Ambio Tech i Sverige	1)	Sep-00	25.0%	34.0%	6,000		
North Node	1)	May-01	19.4%	33.5%	5,000		
Voice Provider	1)	Nov-00	10.0%	17.0%	1,996		
EHS		May-01	5.3%	9.0%	1,682		
<i>Media</i>							
Millennium Media Group		Dec-99	19.3%	32.4%	15,487	7,000	
Ekonomi24		Apr-00	26.3%	22.1%	13,359		
MGON International		Feb-00	47.0%	53.0%	10,000	5,000	
Infomakers		Jul-99	35.8%	45.9%	9,659		
Kamera Interactive		May-00/Jun-01	6.5%	8.1%	7,800		
<i>Software</i>							
GoPro Landsteinar Group		Apr-00	4.2%	4.1%	25,217		
Infonation		Mar-00	12.5%	12.0%	15,000		
Iquity Systems		Jan-00	2.0%	1.9%	9,711	1,269	
CCNOX	1)	Sep-00	44.0%	44.0%	7,530		
Start & Run		Jan-00	38.5%	35.2%	7,500	1,500	
Ten Four		Mar-00	3.8%	3.3%	7,432		
InfoAccelerator		Jun-00	30.0%	36.0%	3,000	2,000	
VsMarket		Jun-00	4.6%	4.6%	1,578		
<i>E-Business</i>							
B2C/B2B							
FM Fondmarknaden		Oct-99	24.5%	22.9%	17,460	1,294	
B2B							
Travis		Feb-00	22.2%	19.1%	14,840		
Euroflower.net		Mar-00	22.6%	24.6%	11,920		
Verktygshuset	1)	Nov-00	33.3%	32.3%	4,000		
Chinsay		Apr-00	1.5%	1.4%	1,485		
Sub-total					455,303	30,263	
Companies in liquidation							
Digital Mobility Ltd		Oct-99	54.3%		41,757	32,243	
Avisator		Jul-99	40.00%		26,003		
LinkPool		Jul-00	49.9%		1,206	2,772	
Sub-total companies in liquidation					68,966	35,015	
Total acquisition value shares and convertible loans						589,547	
Write-downs						-249,900	

Book value**339,647**

1) Ledstiernan has issued call options in the amount of 5% of its holding in these companies in accordance with a decision on a Shareholders Meeting in August 2000.

INCOME STATEMENT

Amounts in SEK thousands

	Q 3 2001	Pro forma Q 3 2000	Jan-Sep 2001	Pro forma Jan-Sep 2000	Year 2000
<u>Income from portfolio holdings</u>					
Exit profits	0	5,185	1,720	5,854	5,120
Write-downs	0	-3,978	-150,000	-3,978	-120,000
Total profit/loss from portfolio holdings	0	1,207	-148,280	1,876	-114,880
<u>Other expense</u>					
Administration expense	-17,717	-12,751	-42,785	-24,569	-38,679
Operating loss	-17,717	-11,544	-191,065	-22,693	-153,559
Financial items	3,573	5,172	14,695	5,130	-18,798 ¹⁾
Loss before tax	-14,144	-6,372	-176,370	-17,563	-172,357
Tax	0	0	0	0	0
Net loss for the period	-14,144	-6,372	-176,370	-17,563	-172,357
1) MSEK 30.4 concerns the loss of subsidiaries.					
Loss per share before dilution	-0.13 kr	-0.06 kr	-1.62 kr	-0.18 kr	-1.75 kr
Loss per share after dilution	-0.13 kr	-0.06 kr	-1.62 kr	-0.18 kr	-1.75 kr
Average number of shares before and after dilution	108,954,383	108,954,383	108,954,383	95,096,683	98,561,107
Number of shares at the end of the period before and after dilution	108,954,383	108,954,383	108,954,383	108,954,383	108,954,383

BALANCE SHEET

Amounts in SEK thousands	Pro forma		
	September 2001	September 2000	December 2000
ASSETS			
Tangible fixed assets	2,621	1,222	2,360
Shares in subsidiary companies	-	38,850	-
Interests in associate companies 1)	282,566	241,453	244,854
Other shares and interests 1)	57,081	108,444	86,951
Total financial fixed assets	339,647	388,747	331,805
Total fixed assets	342,268	389,969	334,165
Current receivables	6,678	6,821	15,315
Short-term placements - commercial paper	184,546		199,486
Cash and bank	82,482	560,327	260,878
Total current assets	273,706	567,148	475,679
TOTAL ASSETS	615,974	957,117	809,844
EQUITY AND LIABILITIES			
Equity	601,995	935,156	778,094
Interest-bearing liabilities	-	-	-
Interest-free liabilities	13,979	21,961	31,750
TOTAL EQUITY AND LIABILITIES	615,974	957,117	809,844
1) Interest and receivables in portfolio companies			
Change in equity		Pro forma	
	Jan-sept 2,001	Jan-sept 2,000	Jan-dec 2,000
Opening amount	778,094	136,957	35,193
Dividend from former operations			-33,193
Non-cash issue			230,000
Profit from merger			64,110
Rights issue		649,956	649,956
Liquid options		4,304	4,385
Stockholders' contribution		161,502	-
Translation differences	271		-
Loss for the period	-176,370	-17,563	-172,357
Closing amount	601,995	935,156	778,094

CASH FLOW ANALYSIS

Amounts in SEK thousands

	September 2001	Pro forma	
		September 2000	December 2000
Current operations			
Cash flow from operations	-22,756	-15,241	-25,201
Adjustment for working capital	<u>7,420</u>	<u>2,613</u>	<u>-7,885</u>
Cash flow from current operations	-15,336	-12,628	-33,086
Cash flow from investment activities	-178,000	-289,108	-368,693
Financing activities			
Stockholders' contribution	-	162,420	162,420
Rights issues and issue of options 1)	<u>-</u>	<u>651,582</u>	<u>651,662</u>
Cash flow from financing activities	0	814,002	814,082
Cash flow for the period	-193,336	512,266	412,303
Opening liquid funds	460,364	48,061	48,061
Closing liquid funds	267,028	560,327	460,364

1) Including subscribed capital, MSEK 725 with deduction for costs

FINANCIAL RATIOS

	30/09/2001	Pro forma	
		30/09/2000	31/12/2000
Equity, MSEK	602	935	778
Equity per share, SEK	5.53	8.58	7.14
Equity ratio, %	98	98	96
Total invested capital, MSEK	590	354	452
Invested capital/share, SEK	5.42	3.25	4.14
Cash/share, SEK	2.45	5.14	4.23
Market capitalisation, MSEK	316	2,506	828
Closing listed price, SEK	2.90	23.00	7.60

Accounting principles

This interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR 20: Interim Reports. The accounting principles applied are the same as those used in the annual report for 2000. Comparative figures for January – September 2000 and the balance sheet at September 2000 are pro forma and refer to the operations that were taken up by Ledstierman following the non-cash issue in April 2000.

Earnings per share before and after dilution have been calculated on the income stated in the consolidated income statement. Warrants in issue have not caused a dilution effect for any of the periods. In the event of full exercise of all warrants, 1,150,000 shares will be added.