



LEDSTIERNAN

YEAR-END REPORT 2002

- * In June, 2002, Ledstiernan acquired Speed Ventures for MSEK 147 in return for 27.9 million shares and a MSEK 17.9 convertible loan. The transaction represents an injection of MSEK 133 net in liquid funds and brings into the Group 10 portfolio companies in Ledstiernan's focus area.
- * Liquid funds amounted to MSEK 242 as of December 31. After repayment of remaining MSEK 10 of the outstanding convertible in January 2003, liquid funds were MSEK 232, or SEK 1.69 per share.
- * As of December 31, Ledstiernan had investments in its current portfolio of 33 companies, amounting to MSEK 576, or SEK 4.21 per share.
- * Equity amounted to SEK 4.26 per share, and the equity ratio was 96%.
- * Write-downs of MSEK 115 (2001: 160 MSEK) in the value of the portfolio, of which MSEK 50 in the fourth quarter, resulting in a loss of MSEK 130.1 for the year (2001: - 197,4 MSEK).
- * Most companies in the portfolio reached their commercial phase in 2002, and the need for second phase investments will decline further in 2003. Ledstiernan estimates that the remaining need for second-phase investments in the existing portfolio is less than MSEK 100.
- * Market breakthroughs by several portfolio companies, including **Columbitech**, which has entered into an OEM agreement with Symbol Technologies (a large American NYSE-listed high-tech corporation); **Hotsip**, which has signed an agreement with Bell Net in Japan; and **The Phone Pages**, which has signed an agreement with Eniro in Finland. **North Node** has booked its largest order yet for implementing its products on the entire portfolio (some 6,600 apartments) of a property company.
- * Administrative costs were reduced to MSEK 24 in 2002. Further reductions to an annual rate of some MSEK 20 are planned for 2003.
- * New dividend policy – 60% of net cash proceeds from exits be paid as dividend.

Ledstiernan is building Europe's leading seed and venture capital company with a focus on mobile communication. Ledstiernan is listed on Stockholmsbörsen's "O" list.

NATURE OF BUSINESS

Ledstiernan is a venture capital company with its investment focus in IT and communication technology. The portfolio consists of 33 companies, of which 20 are core holdings, primarily in mobile communication and wireless technology, where the average equity interest is between 35 and 40 per cent. Ledstiernan is an active shareholder and proactively engaged in the development of these companies. The holdings are exited, primarily by divestments to an industrial buyer or by a stock market flotation.

SIGNIFICANT EVENTS

ACQUISITION OF SPEED VENTURES

In June, Ledstiernan acquired 99.7 per cent of the shares in Speed Ventures N.V. for MSEK 147 in return for 27.9 million shares in Ledstiernan and a MSEK 17.9 convertible loan. The transaction represents an injection of MSEK 133 in net liquid funds and brings into the Group 10 portfolio companies in Ledstiernan's focus area.

MARKET BREAKTHROUGHS BY SEVERAL COMPANIES

During the year, several portfolio companies achieved their commercial breakthrough, including Ambiotech, which received a commercial order for delivery in 2002, and Columbitech, which has entered into an OEM agreement with Symbol Technologies (a large American NYSE-listed high-tech corporation) and booked a large commercial order for delivery in 2003. The Phone Pages has signed an agreement with Eniro in Finland. IPUnplugged has signed co-operation agreements with Lucent Technologies and other prominent data companies and has also received a commercially important order for delivery in 2003. North Node has booked its largest order yet for implementation of its products on the entire apartment portfolio of a property company. Hotsip has signed an agreement with Bell Net, a Japanese company, for the distribution of its SIP and Presence applications on the Japanese market. See also under "Portfolio developments".

FINANCING

Sustained international interest in our portfolio companies has resulted in financing with valuable strategic partners at levels which, seen overall, are in line with acquisition values. The financed companies include Columbitech, ipUnplugged, Hotsip and SourceByNet.

ORGANISATION

Ledstiernan further streamlined its organisation during the year, reducing administrative costs to annual cost base of some MSEK 20. On December 31, 2002 the company had nine employees (eleven on December 31, 2001).

NEW INVESTMENT STRATEGY

Ledstiernan acquired 10 new portfolio companies as a result of the structural acquisition of Speed Ventures in return for shares in Ledstiernan. Similar structural transactions are regularly examined that would bring other companies into the portfolio. Otherwise, the strategy for investing in new companies is selective, but will in future be focused on more mature companies in technical sectors. It is estimated that a programme of exits from the portfolio will begin by no later than 2004.

NEW DIVIDEND POLICY

When the net sales proceeds from exits (after deduction of acquisition values during the year) are positive, Ledstiernan's Board intends to propose payment of a dividend of 60 per cent of these net proceeds. By sales proceeds is meant cash received, or shares received and then sold for cash. By exit is not meant a company that has been wound up.

Market –maker agreement with H&Q

Ledstiernan is taking a number of measures in relation to the stock market that are intended to strengthen Ledstiernan's position as "the listed venture capital company" on Stockholmsbörsen. For example, Ledstiernan has signed a market-maker agreement with Hagströmer & Qviberg Fondkommission AB.

PORTFOLIO DEVELOPMENTS

On average, Ledstiernan's portfolio companies are three years old, and they are all in their commercialisation phase. Many of them can report commercial progress, including the following:

Ambiotech has signed new agreements for the delivery of its mobile Internet solution for quality-assured operations and management in the service and property sectors to HSB, Telge Energi and other users, including the Norrbotten County Council. The company recently booked its largest order yet, for a major installation of the system for some two hundred users in a multinational company's service organisation.

Columbitech has entered into an OEM agreement with Symbol Technologies, a large American NYSE-listed high-tech corporation, to integrate Columbitech Wireless VPN into AirBeam, Symbol's product for WLAN network management. Columbitech and Symbol have launched several joint projects with customers and booked major orders for delivery in 2003. Joint selling activities have also been launched in Europe. Columbitech has also signed agreements with Diversinet and customers in Italy, Finland and Korea.

Emic Networks (formerly Speed) has launched Enterprise Application Toolkit (EAC) for MySQL. The company has quickly acquired customers on all continents as well as signing a marketing and sales agreement with MySQL. The company has signed its first dealership agreement with a local supplier of business systems based on MySQL. Similar agreements are being discussed with local suppliers on several of the company's most important markets.

IpUnplugged has signed a major OEM agreement with a leading Asian telecom supplier and entered into joint ventures together with such companies as Lucent Technologies, HP and Sierra Wireless within the area known as SMDSe (Secure Mobile Data Solutions for enterprises). During the year IpUnplugged also received additional financing from Mobile Internet Capital, a Japanese venture capital company, and the Swedish Industrial Development Fund.

Incomit is developing Movade, a product that will enable telecom operators to develop new telecom services more efficiently. It will also allow them to work in a flexible and controlled manner with several outside service developers. Incomit entered into a partnership with HP at the end of the year and together they will be selling and marketing their joint solution.

Hotsip (acquired from Speed), a company that develops SIP (Session Initiation Protocol) and presence-based products, entered into a distribution agreement in September with Bell Net in Japan to launch SIP and Presence applications on the Japanese market.

Mint has signed further agreements with car park operators around the country to use its proprietary service for payment of parking fees via a mobile phone. The number of car parks signing up is increasing by about 25 per cent a month. Mint has also reached an agreement with Svenska Spel for mobile betting solutions. Mint noted its first positive monthly cash flow in December.

North Node develops products that make possible online home/property management in the Energy, Security and Home Care sectors. The company has booked several new orders in the property segment in Norway, for instance. In Sweden implementation of the company's products for all the apartments in a local government housing company's portfolio has started. In the energy sector, the company's products can also satisfy coming legislation on automatic meter reading for electricity consumers, initially those using more than 8,000 KWh. Vattenfall has recently announced that it intends to invest no less than MSEK 600 in the area over the next few years. North Node has booked its first orders from a local government power company along with a project in partnership with one of Sweden's major power companies.

Repeatit has developed a family of products, known as R/S III, for wireless broadband connections for domestic users. Further deliveries of these products have been made to existing customers, including Tierp municipality, Norrtälje Energi, Växjö Energi, Vallentuna Energi and numerous other local power companies. The company has also entered into a partnership with EITepe, which has responsibility for the sale, distribution and support of base stations and client equipment.

The Phone Pages achieved its commercial breakthrough in the summer and autumn in the form of a delivery of a system to Eniro in Finland. More than 20,000 companies in Finland now have “Mobillinfo” (i.e. a phonepage). In partnership with Siemens Business Solution, The Phone Pages has also sold a test system to an Italian operator.

Voice Provider received several of the major orders placed in Sweden during the year in the field of voice recognition and the company is ranked as one of the market leaders. Typical customers include ATG, SwedenPost, and Swebus.

INVESTMENTS

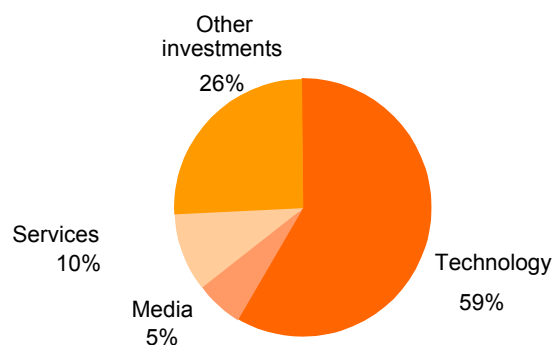
At the end of the period, Ledstiernan had holdings in 33 portfolio companies having a total acquisition cost of MSEK 575, of which 20 are regarded as core holdings in the areas of technology, media and services. The other twelve are companies in which Ledstiernan does not play an active role other than following them from a financial perspective. During the year, a total of MSEK 91 was invested in the form of second-phase investments in the existing portfolio, including newly acquired Speed companies. The Speed acquisition brought 10 companies into the portfolio, of which four are regarded as core holdings.

In 2001 and 2002, in connection with second phase investments in, and stock issues by its portfolio companies, Ledstiernan renegotiated most of its earlier investments to bring them into line with market conditions. This means that Ledstiernan’s prospective equity interest via convertibles, and without the injection of new capital, is higher than the figure stated in the table on page 7. Moreover, in many cases by the use of preference shares, Ledstiernan will have preferential rights to the proceeds of any sales by portfolio companies.

ACQUISITION VALUE PORTFOLIO COMPANIES, DEC 31, 2002

<i>Acquisition value including loans and convertibles</i>		
Technology	336 528	59 %
Media	31 089	5 %
Services	60 410	10 %
Other holdings	147 549	26 %
Total acquisition value	575 576	100%

ACQUISITION VALUE OF PORTFOLIO COMPANIES BY SECTOR



“Other holdings” of MSEK 148 have been written down by 95% since they were acquired, and the aggregate book value of these holdings amounted to some MSEK 8 as of December 31, 2002. The book value of the current portfolio totally amounts to 358 MSEK.

DIVESTMENTS

Several holdings were divested during the year, mainly by winding up the companies concerned. The divested companies are: Ticket Anywhere AB, Indycon AB (Speed holding), Lifix AB (Speed holding), Chinsay AB, Roaminfo AB, Info Accelerator AB, Insite AB, and Iquity Systems AB. The book value of all these companies had been written down to zero.

FUTURE PROSPECTS

The venture capital market has generally been difficult since the spring of 2002 as regards the underlying markets for products and services, company-valuations and external financing capacity. Ledstiernan has been affected by this market, which, on the minus side, has resulted in the winding up of several companies, write-downs to cover proven and possible losses, and a process of adjustment to prevailing market valuations. However, Ledstiernan is in a very strong financial position, having 20 core holdings in its portfolio with considerable development potential, most of which have reached their commercial breakthrough. With this position as a platform, Ledstiernan is well placed to make good progress when the market situation becomes more favourable.

Ledstiernan will reduce its second-phase investments in its portfolio companies in the future. We estimate that the need for second-phase investments in the existing portfolio amounts to less than MSEK 100. Ledstiernan's portfolio companies are active in many different underlying sectors, such as property, energy, finance, computer games etc. Ledstiernan thus has a soundly diversified portfolio with high potential, and is not dependent, for example, on the rapid development of 3G.

There are at present far too many companies on the Swedish venture capital market, and their number will gradually be reduced. Ledstiernan intends to continue playing an active role in the consolidation of this market, and the acquisition of Speed Ventures was an early step in this process.

FINANCIAL DEVELOPMENTS

RESULT

Ledstiernan's result for the period was a loss of MSEK 130.1 (loss 197.4), of which write-downs in the value of Ledstiernan's portfolio companies accounted for MSEK 114.9 (2001: - 160 MSEK). Ledstiernan's administrative costs amounted to MSEK 24.1 (52.9) and net financial income amounted to MSEK 9.6 (18.7). Of the result, MSEK 117 had no effect on cash flow. The fourth quarter result was a loss of MSEK 53.2, of which portfolio write-downs accounted for MSEK 50. Investments during the fourth quarter amounted to MSEK 21, and consisted of second-phase investments in the existing portfolio. Total investments during the year amounted to 91 MSEK.

VALUATION OF PORTFOLIO COMPANIES

Ledstiernan states its investments at the lower of acquisition value and estimated market value. When closing the books at the end of each quarter an assessment is made for each holding of the need to determine whether its value exceeds or falls short of the acquisition value. In the event of the value being higher, this does not give rise to a change in the book value, and there is consequently no effect on the income statement. Should the value of a portfolio company be below its book value, the book value is written down to the estimated value. This write-down is taken to the income statement, giving rise to a cost equal to the write-down. Should the market value of a company whose book value has been written down be higher than the book value as a result, say, of external financing or a significant commercial breakthrough, and if this new value can be expected to last, the previous write-down is re-entered to the maximum acquisition value. These adjustments in value have no effect on the company's cash flow.

As of the 2002 financial year the assessments of the need for write-downs are made in accordance with the Swedish Financial Accounting Standards Council's recommendation No. 17, Write-downs. As Ledstiernan's portfolio consists of unlisted companies, still at a relatively early development phase, Ledstiernan has therefore opted to use the following method for valuing these companies.

- Where external financing has been recently arranged, the company is valued at Ledstiernan's equity interest in relation to this valuation. However, account is taken of significant events during the company's development phase since the date of the valuation.
- For companies the nature and size of whose business may be compared with listed companies, a comparison is made with the market capitalisation of such companies.

- For companies with a historic cash flow, and where the cash flow can be foreseen for the coming 3-5 years, a discounted cash flow method is used.
- For companies for which there has been no external financing or a DCF model cannot be applied, a comparative valuation is made with companies having a similar business, that are at a similar phase of their development, and which have been valued externally or where there are other indicators that could reflect a relevant market valuation.

LIQUIDITY AND FINANCIAL POSITION

Closing liquid funds amounted to MSEK 242. Ledstiernan has no interest-bearing debt. The convertible debenture amounting to MSEK 17.9 that was issued in connection with the acquisition of Speed Ventures was partially redeemed on December 30, 2002. This convertible did not carry interest. The remaining MSEK 10 was repaid at the beginning of January 2003. Further investments in portfolio companies that were approved but not disbursed before the end of the year amounted to MSEK 11. Ledstiernan has no other commitments.

TAX STATUS

Ledstiernan AB has applied for investment trust status. This application was rejected by the Supreme Administrative Court. The draft new tax legislation, which stipulates that capital gains on unlisted holdings be exempted from capital gains tax, and which is expected to come into effect in July 2003, will obviate the need to apply for investment trust status.

DIVIDEND

The Board of Ledstiernan AB will recommend that no dividend be paid for the year 2002.

ANNUAL GENERAL MEETING

The Annual General Meeting of shareholders in Ledstiernan AB will be held in the Strindberg Room in Berns Salonger, Stockholm, at 5.00 p.m. on April 8, 2003. A special notice convening the Meeting will be published in daily newspapers in the week beginning on March 10. The annual report for 2002 will be distributed to shareholders who have so requested in the week beginning on March 24. It may also be accessed on Ledstiernan AB's website: www.ledstiernan.se.

FINANCIAL INFORMATION 2003

Annual General Meeting	April 8, 2003
First quarter report 2003	May 7, 2003
Half-year report 2003	August 21, 2003
Nine-month report 2003	October 23, 2003

Stockholm, January 27, 2003

LEDSTIERNAN AB (publ)
Board

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PORTFOLIO LEDSTIERNAN AS AT DECEMBER 31, 2002

(ThSEK) Company	Date of acquisition	Current equity stake 2)	Acquisition value shares	Convertible loans	Other loans	Total investment	Value at external transaction post-money 2)
Technology investments							
Ambio Tech i Sverige	1)	Sep-00	49,9%	6 999	11 451	18 450	
Columbitech		May-00	18,0%	16 630		16 630	13 500
Emic Networks	3)	Jun-02	36,6%	0	3 309	3 309	
Grupo Rodania		Okt-00	49,0%	7 650		9 650	
Hotsip		Jun-02	25,3%	20 624		20 624	
Incomit		Aug-00	39,8%	50 037	5 000	55 037	
Infomakers		Jul-99	49,9%	12 708	7 000	19 708	
ipUnplugged		Jan-00	42,6%	72 351		72 351	73 267
Mint		May-00	33,1%	45 280		45 280	27 101
North Node	1)	May-01	44,6%	19 381		19 381	
Repeat -It		Mar-00	43,4%	15 846	2 685	18 531	
Shortlink		May-01	9,0%	3 129		3 129	
the Phone Pages of Sweden		Mar-00	31,3%	28 332		28 332	20 345
Voice Provider	1)	Nov-00	21,3%	6 116		6 116	
Sub-total Technology investments				305 083	29 445 2 000	336 528	
Media							
It´s Alive		Jun-02	30,4%	6 015	2 587	8 602	
Millennium Media Group		Dec-99	29,3%	21 787	700	22 487	
Sub-total Media				27 802	3 287 0	31 089	
Service companies							
CCNOX	1)	Sep-00	42,9%	8 801		8 801	
Nordic Circle		Jul-99	31,5%	41 399	3 500	44 899	
Source by net		Jun-02	12,5%	6 710		6 710	9 135
Sub-total Service companies				56 910	0 3 500	60 410	
Other holdings							
Code Factory	3)	Jun-02	5,1%	0		0	
Ekonomi24		Apr-00	24,6%	13 359		13 359	
Euroflorist		Mar-00	4,0%	11 920		11 920	
FM Fondmarknaden		Okt-99	19,6%	20 004		20 004	
GoPro Landsteinar Group		Apr-00	4,3%	25 217		25 217	
Goyada	3)	Jun-02	8,8%	0		0	
Kamera Interactive		May-00/Jun-01	8,5%	8 547		8 547	
MGON International		Feb-00	47,0%	18 000	13 502	31 502	
Spreadskill	3)	Jun-02	16,6%	0		0	
Start & Run		Jan-00	38,5%	7 500	1 500 150	9 150	
Ten Four		Mar-00	3,8%	7 432		7 432	
Travis		Feb-00	2,1%	14 840		14 840	
Verktygshuset	1)	Nov-00	33,3%	4 000		4 000	
VsMarket		Jun-00	4,6%	1 578		1 578	
Sub-total other holdings				132 397	15 002 150	147 549	
Acquisition value Shares and Convertible loans/other loans						575 576	
Write-downs						-218 072	
Book value						357 504	

1) Ledstiernan has issued options amounting to 5 % of its total holdings as shown above, following a decision at a Shareholders' Meeting in August, 2000.

2) Exklusive of convertible loans.

3) Included in the Speed Ventures acquisition at value SEK 0:-.

INCOME STATEMENT

(ThSEK)

	2002 Q 4	2001 Q 4	2002 Jan-Dec	2001 Jan-Dec
<u>Profit/loss from portfolio holdings</u>				
Capital gains on exits	690	-	690	1 720
Capital losses on exits	-	-4 064	-	-4 064
Write-downs in asset values	<u>-49 854</u>	<u>-10 000</u>	<u>-114 854</u>	<u>-160 000</u>
Total result from portfolio holdings	-49 164	-14 064	-114 164	-162 344
<u>Other expenses</u>				
Administration expense	-6 293	-10 651	-24 079	-52 935
Depreciation	-668	-345	-1 359	-846
Operating loss	-56 125	-25 060	-139 602	-216 125
Interest income and similiar profit items	2 968	3 959	9 555	18 747
Other financial income	-	90	-	-
Interest expense and similar loss items	-	-4	-10	-7
Loss before tax	-53 157	-21 015	-130 057	-197 385
Tax	-	-	-	-
NET LOSS FOR THE YEAR	-53 157	-21 015	-130 057	-197 385
Shares thousands				
Average number	136 718	108 954	122 822	108 954
At end of year	136 834	108 954	136 834	108 954
Loss per share	-0,39	-0,19	-1,06 kr	-1,81 kr

BALANCE SHEET

(ThSEK)		
ASSETS	December 2002	December 2001
FIXED ASSETS		
Tangible assets		
Equipment	1 207	2 605
Total Tangible Assets	1 207	2 605
Financial Assets		
Participation in associated companies	286 403	252 954
Receivables from associated companies	38 382	22 918
Other securities held as fixed assets	32 719	81 615
Other long-term receivables	-	1 053
Total Financial Assets	357 504	358 540
TOTAL FIXED ASSETS	358 711	361 145
CURRENT ASSETS		
Current Receivables		
Receivables from associated companies	2 288	-
Other receivables	2 621	959
Prepaid expenses and accrued income	520	3 516
Total Current Receivables	5 429	4 475
Investments		
Commercial papers	224 976	188 571
Cash and bank balances	16 968	38 866
TOTAL CURRENT ASSETS	247 373	231 912
TOTAL ASSETS	606 084	593 057

BALANCE SHEET

EQUITY AND LIABILITIES	December 2002	December 2001
EQUITY		
Restricted equity		
Share capital	41 050	32 686
Share premium reserve	506 824	382 760
Total restricted equity	547 874	415 446
Non-restricted equity		
Retained earnings	165 494	362 879
Net loss for the year	-130 057	-197 385
Total non-restricted equity	35 437	165 494
TOTAL EQUITY	583 311	580 940
LIABILITIES		
Current liabilities		
Liabilities to suppliers	1 389	1 282
Liabilities to associated companies	4 435	334
Other current liabilities	13 114	1 289
Accrued expenses	3 835	9 212
Total current liabilities	22 773	12 117
TOTAL LIABILITIES	22 773	12 117
TOTAL EQUITY AND LIABILITIES	606 084	593 057
MEMORANDUM ITEMS		
Pledged assets	-	-
Contingent liabilities	6 583	15 000
Change in equity	2002	2001
	Jan-Dec	Jan-Dec
Opening balance	580 940	778 094
New share issue	132 428	-
Translation differences	-	231
Loss for the year	-130 057	-197 385
Closing balance	583 311	580 940

Accounting principles

The Year-end Report has been prepared in accordance with the Swedish Financial Standards Council's Recommendation, RR20, "Interim Reports".

From 2002 the Council's Recommendation RR17, "Write-downs" has been applied. The application has had no effect on the accounted values compared to the accounting principles applied during previous years. Otherwise the accounting principles remain unchanged compared to the Annual Report 2001.

Warrants in issue have not caused a dilution effect for any of the reported periods. In the event of full exercise of all warrants, 1.050.000 shares should be added.

CASH FLOW ANALYSIS

(ThSEK)	2002	2001
	Jan-Dec	Jan-Dec
Current operations		
Cash flow from operations	-12 949	-29 570
Cash flow from change in working capital	-11 466	7 223
Cash flow from current operations	-24 415	-22 347
Cash flow from investment activities	-86 994	-210 580
Financial activities		
Amortization of subordinated loan	-7 698	-
New share issue 1)	133 614	-
Cash flow from financial activities	125 916	-
Net cash flow for the year	14 507	-232 927
Opening liquid funds	227 437	460 364
Closing liquid funds	241 944	227 437

1) New share issue represents the liquid resources transferred to Ledstiernan in connection with the Speed Ventures acquisition.

FINANCIAL RATIOS

	<u>2002-12-31</u>	<u>2001-12-31</u>
Loss/share	-1,06	-1,81
Equity, MSEK	583	581
Equity/share, SEK	4,26	5,33
Equity ratio, %	96	98
Total investments, MSEK	576	503
Investments/share, SEK	4,21	4,62
Cash/share, SEK 2)	1,69	2,09
Administrative expenses/average equity, %	4,20	7,9
Market capitalisation, MSEK	424	703
Closing listed price, SEK	3,10	6,45

2) Calculated on liquid funds after amortization of subordinated loan.