

ANNUAL REPORT ★ 2002



LEDSTIERNAN

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Notice of Annual General Meeting

The Annual General Meeting will be held at 5.00 p.m. on 8 April 2003 at Berns Salonger, Stockholm. Shareholders wishing to participate in the Meeting and be entitled to vote shall be registered in the register of shareholders and have notified the company. Registration in the register of shareholders maintained by VPC AB shall be completed by Friday, 28 March, 2003 at the latest. Shareholders whose shares are registered in nominee names must have them temporarily re-registered in their own names by no later than 28 March 2003. Notification of intention to participate in the Annual General Meeting shall reach the company by no later than Friday, 4 April 2003 by telephone +46-8-545 035 00, by fax +46-8-545 035 35 or by email: info@ledstiernan.se

Ledstiernan in brief

Ledstiernan's business was founded in 1994 when a number of private individuals (the "founding partners") began to invest in and provide active support for the development of new, entrepreneurial ventures, preferably within IT and telecommunications. In July 1999, Ledstiernan set up a fund that was owned by the Founding Partners, Skandia and the Swedish Metalworkers' Union.

In April, Ledstiernan was floated on Stockholmsbörsen's "O" list.

Ledstiernan is a venture capital company that invests in companies that are active in mobile communication and wireless technology. Investing on the venture capital market involves high risks, but it also offers the possibility of high returns. The challenge is to pick and develop some real winners. Failures do occur, and this is a normal part of the business.

Ledstiernan currently has 18 main holdings in portfolio companies where it has an equity interest of 35% or more. To date, Ledstiernan has invested in new, developing companies started by entrepreneurs at an early stage of their development. In the future, Ledstiernan will invest in more mature companies in our focus area, preferably in the form of structural transactions by our portfolio companies.

On average, our portfolio companies are now in their third year. Exits could well be considered as of the closing months of 2003. Given its strong financial position, Ledstiernan is able to develop the portfolio companies pending the right occasion to divest them or float them on the stock market.

Ledstiernan acquired Speed Ventures in June 2002, which strengthened the company's liquidity position and brought it ten companies that are active in Ledstiernan's main area of investment focus. Ledstiernan expects further consolidation on the venture capital market.

Ledstiernan is a long-term and active shareholder with strong finances. Ledstiernan's organisation consists of nine employees with broad technical, strategic and financial competence, which is available to the portfolio companies along with that of the Founding Partners and a network of industrial and financial contacts of a very high international standard.

Financial reports

Annual General Meeting: 8 April 2003
Interim report January-March: 7 May 2003
Interim report January-June: 21 August 2003
Interim report January-September:
23 October 2003

Services for shareholders

Ledstiernan's interim reports and annual reports are available on our homepage www.ledstiernan.se. They may also be requisitioned from the company: Ledstiernan AB, Grev Turegatan 18, S-114 46 Stockholm, Sweden
Telephone: +46-8-545 035 00,
Fax: +46-8-545 035 35
www.ledstiernan.se

Highlights of the year

Acquisition of Speed Ventures

In June 2002 Ledstiernan acquired venture capital company Speed Ventures by an exchange of assets. This acquisition brought Ledstiernan cash of MSEK 133 after deduction of acquisition costs, and ten portfolio companies within Ledstiernan's area of investment focus.

Portfolio companies

Several of Ledstiernan's portfolio companies achieved commercial breakthroughs in 2002 and several of them have entered into strong partnership agreements with world leaders in their fields. For example, Columbitech has entered into an alliance with Symbol Technologies, and ipUnplugged has received orders from leading European and Asian mobile operators. Hotsip has signed a distribution agreement with Bell Net in Japan, and The Phone Pages has achieved its commercial breakthrough with the delivery of a system to Eniro in Finland. North Node has achieved its commercial breakthrough with major orders from property companies.

Organisation

During the year Ledstiernan adjusted its cost base into line with the prevailing market conditions and is budgeting for administrative costs of some MSEK 20 in 2003 based on an organisation of nine people. In 2002, its administrative costs amounted to MSEK 24.

Investments

During the year Ledstiernan invested MSEK 91 in its existing portfolio and MSEK 23.5 in companies joining the Group via the acquisition of Speed Ventures.

Result and liquid funds

The result for the year was a loss of MSEK 130.1, with write-downs in the values of portfolio companies accounting for MSEK 114.9. MSEK 117 of the result had no effect on the cash flow.

Closing liquid funds amounted to MSEK 242.

Dividend policy

When Ledstiernan has divested all or some of its holdings in portfolio companies for cash (or for shares that are then sold for cash), at least 60% of the capital gains on the year's divestments (sales proceeds less acquisition costs) will be paid out by way of dividend. Exits owing to companies being wound up or placed in liquidation are not deemed to be divestments.

The Board has decided to recommend to the Annual General Meeting that no dividend be paid for the 2002 financial year.

KEY RATIOS

31 December 2002

Equity, MSEK	583
Equity/share, SEK	4.26
Equity ratio, %	96
Capital invested in existing portfolio, MSEK	576
Invested capital per share, SEK	4.21
Cash per share, SEK ²⁾	1.69
Earnings per share/loss per share, SEK ¹⁾	-1.06
Management cost/average equity, %	4.20
Closing listed price, SEK	3.10
Market capitalisation, MSEK	424

¹⁾ According to the Swedish Financial Accounting Standards Council's recommendation RR 18 the effect of dilution shall be calculated if "earnings per share" deteriorates. There is no dilution effect.

²⁾ After full repayment of convertibles.

Ledstiernan's shares

Ledstiernan's shares were floated on Stockholmsbörsen's "O" list on 17 April 2000.

Share capital and number of shares

As of 31 December 2002 the share capital amounted to SEK 41,050,209.30 divided into 136,834,031 Series "B" shares, each having a par value of SEK 0.30. All shares carry equal votes (1 per share) and are entitled to share equally in the company's assets and earnings. Full conversion of the outstanding 1,150,000 warrants will result in maximum dilution of 0.8%. Warrants may be converted into shares between 1 August 2003 and 29 August 2003 at a subscription price of SEK 43.50.

Changes in share capital are shown in the table on the following page.

Shareholders

At the end of the year, Ledstiernan had 8,712 shareholders, at which time the founders of Ledstiernan and key employees of Ledstiernan controlled 48.0% of the capital. The 24 largest shareholders controlled 80.5% of the capital and votes at the end of 2002.

Sector index

Ledstiernan is included in Stockholmsbörsen's IT index (SX-45).

Share price and turnover

The highest price at which Ledstiernan's shares traded during the year was SEK 7.30 (13 March) and the lowest price was SEK 2.40

(10 October). The closing price was SEK 3.10. The Stockholm All-Share Index fell by 37.4% during the year, the IT index (SX-45) by 78.7% and Ledstiernan's shares by 51.9%. During the year 6,805,912 of Ledstiernan's shares were traded for an aggregate value of MSEK 34.5. In the early months of 2003 the shares traded at prices ranging between SEK 2.60 and SEK 3.16.

Market makers

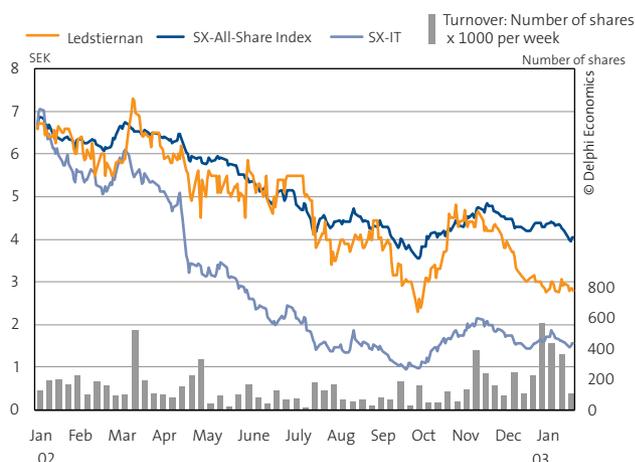
In November 2002 Ledstiernan engaged Hagströmer & Qviberg Fondkommission as a market maker for its shares, which means that HQ will quote "bid and offer prices" for Ledstiernan's shares on a daily basis with the object of ensuring there is a liquid market for the shares.

Dividend policy

The Board of Ledstiernan AB intends to adopt a dividend policy that reflects the company's long term capital requirements. When Ledstiernan has divested all or some of its holdings in portfolio companies for cash (or for shares that are then sold for cash), at least 60% of the capital gains on the year's divestments (sales proceeds less acquisition costs) will be paid out by way of dividend. Exits owing to companies being wound up or placed in liquidation are not deemed to be divestments.

The Board has decided to recommend to the Annual General Meeting that no dividend be paid for the 2002 financial year.

SHARE PRICE



SHAREHOLDERS BY SIZE

SIZE OF HOLDING	% OF NO. OF SHAREHOLDERS	% OF SHARE CAPITAL
1-500	46.9	0.8
501-1,000	25.8	1.5
1,001-2,000	12.1	1.4
2,001-5,000	8.2	1.9
5,001-10,000	3.3	1.7
10,001-20,000	1.7	1.6
20,001-50,000	0.8	1.7
50,001-100,000	0.3	1.6
100,001-	0.9	87.8
TOTAL	100	100

CHANGES IN SHARE CAPITAL

REGISTRATION DATE	TRANSACTION	NOMINAL AMOUNT	TOTAL SHARE CAPITAL	CHANGE OF NUMBER SHARES	TOTAL NUMBER "A" SHARES	TOTAL NUMBER "B" SHARES	TOTAL NUMBER SHARES
4 March 1995	Share issue	5.00	9,501,000	600,000	299,000	1,601,200	1,900,200
13 April 2000	Reduction in share capital	0.30	570,060	0	299,000	1,601,200	1,900,200
13 April 2000	Placement by exchange of assets	0.30	26,450,350	86,267,633	299,000	87,868,833	88,167,833
4 July 2000	Share issue	0.30	32,633,350	20,710,000	299,000	108,578,833	108,877,833
27 July 2000	Share issue	0.30	32,686,315	76,550	299,000	108,655,383	108,954,383
28 Dec. 2000	Reclassification of "A" shares as "B" shares	0.30	32,686,315	0	0	108,954,383	108,954,383
3 July 2000	Placement by exchange of assets	0.30	40,907,907	27,405,308	0	136,359,691	136,359,691
6 Dec. 2000	Placement by exchange of assets	0.30	41,050,209	474,340	0	136,834,031	136,834,031

FINANCIAL RATIOS

	2002	2001
Equity, MSEK	583	581
Equity/share, SEK	4.26	5.33
Equity ratio, %	96	98
Capital invested in existing portfolio, MSEK	576	503
Invested capital/share, SEK	4.21	4.62
Cash/share, SEK ²⁾	1.69	2.09
Earnings/loss per share, SEK ¹⁾	-1.06	-1.81
Administrative costs/average equity, %	4.20	7.90
Closing listed price, SEK	3.10	6.45
Market capitalisation, MSEK	424	703

¹⁾ According to the Swedish Financial Accounting Standards Council's recommendation RR 18 the effect of dilution on "earning per share" will deteriorate. However, there is no dilution effect.

²⁾ After full repayment of convertibles.

DEFINITIONS OF RATIOS

EQUITY PER SHARE Equity divided by the closing number of shares.	CASH PER SHARE Liquid funds divided by the number of shares in issue.
EQUITY RATIO Equity as a percentage of balance sheet total.	EARNINGS/LOSS PER SHARE The year's result divided by the average number of shares in issue.
INVESTED CAPITAL PER SHARE Total investment in portfolio companies divided by the number of shares in issue.	MARKET CAPITALISATION Closing listed price multiplied by the number of share in issue.

THE FOLLOWING INSTITUTIONS AND STOCK MARKET ANALYSTS FOLLOW LEDSTIERNAN

Hagströmer & Qviberg:	Hampus Brodén
Handelsbanken:	Henrik Kronqvist
Remium:	Björn Garat

MAJOR SHAREHOLDERS 31 DECEMBER 2002

	NUMBER OF SHARES	% OF CAPITAL & VOTES
Skandia	13,934,587	10.2
Olof Stenhammar, family & companies	8,355,432	6.1
Mikael Solberg & companies	7,477,543	5.5
Jan Carlzon, family & companies	7,175,291	5.2
Dan Walker, family & companies	6,539,356	4.8
Johan Wachtmeister & family	6,278,003	4.6
Hans Risberg & companies	6,123,211	4.5
Dag Bjurström & companies	6,123,208	4.5
Thomas Rosén, family & companies	5,873,208	4.3
Per Lundberg & companies	5,673,208	4.1
Leif Almstedt & companies	5,364,654	3.9
Metall Finans	5,261,531	3.8
Bear Stearns & Co	4,498,161	3.3
Neira B.V.	4,038,147	2.9
Charter Speed LLC	3,927,552	2.8
Permira Europe 1 Nominees Ltd	2,840,352	2.1
Resources Development Intl Group SAK	1,712,666	1.3
SIS Segaintersettle AG	1,594,538	1.2
TBV Holdings Ltd	1,572,857	1.1
JP Morgan Capital Corp	1,550,266	1.1
SND Invest AS	1,122,000	0.8
Arctic Ventures	1,048,573	0.8
Alecta Mutual Pension Insurance	1,048,573	0.8
GS PEP Technology Funds	1,047,595	0.8
Other	26,653,519	19.5
TOTAL	136,834,031	100.0
Maximum dilution through conversion of warrants	1,150,000	0.8

STATISTICAL MEASURE OF RISK

The Beta value is a relative measure of a share's risk. It is defined as its correlation to the stock market index during the year. In 2002 Ledstiernan's beta value was 1.43 which means that the share moved 43% more than the index.

Ledstiernan emerges strengthened

During the past year most of Ledstiernan's portfolio companies achieved their commercial breakthrough, and the acquisition of Speed Ventures brought some useful additions into the portfolio and strengthened our financial position.

Growth despite recession

The demand for our companies' products and services has naturally suffered from the generally subdued state of the economy and, given our focus on telecommunications the lower level of capital expenditure on the part of telecom operators. In many cases this has deferred the commercialisation phase of the portfolio companies. Nonetheless, we can now see that our companies' markets are growing, although more slowly than we foresaw at the time we invested in them. This growth is due to our involvement in entirely new, emerging market segments.

Despite the difficulties experienced during the IT bubble in 1998-2002, we have emerged with equity holdings in 18 promising companies, most of which were created during this period.

More alliances pave the way for exits

There was little chance of exiting any holdings at worthwhile prices or of floating companies on the stock market during the year, and the situation looks as if it will not improve in the immediate future. Ledstiernan has the financial resilience to retain and develop its companies until the next economic upswing. I believe that the level of exit activity—ours and in the VC industry in general—will build up over the coming years. In view of this and other factors, Ledstiernan has drawn up a new dividend policy relating to exits.

We are convinced that the trend for large industry players to forge alliances with small, cutting-edge research companies will lead to a steadily growing number of acquisitions. The technical leaders in industry, especially within the IT and telecom segments, such as Cisco and Nokia, cannot rely solely upon their own internal product development if they wish to remain up among the leaders and gain competitive advantages on the market.

In 2002 Ledstiernan received around 60 new investment proposals a month, a slightly higher figure than at the end of 2001. These proposals varied widely in quality, and came largely from companies that had been around for some years. The relatively low cost of investing in rather more mature companies during the

past year meant that venture capitalists did not retain the same interest as in the past in financing start-ups, where the ratio between risk and potential return is less attractive. During the year, Ledstiernan concentrated on developing its portfolio companies and on structural transactions. One result of this was the acquisition of Speed Ventures with 10 new portfolio companies. Over and above this no other new investments were made.

Development of portfolio companies has top priority

The loss of MSEK 130 incurred in 2002 is made up of administrative costs of some MSEK 24, net financial income of MSEK 9 and a write-down of MSEK 115 in the value of our portfolio companies. These write-downs during the year reflect generally lower company valuations, which made it necessary to write-down their book values, as well as proven losses, with the winding up of MGON, one of our portfolio companies, a particular disappointment. As there were no major exits during the year the result nonetheless says relatively little about our business. The important factor is the development of the portfolio companies.

The average age of our portfolio companies is now three years. Each year is of importance along a company's path towards profitability. In 2002, many of these companies achieved their commercial breakthrough. The portfolio companies' management teams focus on critical marketing issues, while also keeping costs down. Further healthy increases in turnover are expected in 2003, and their profitability will improve dramatically. There is every chance that our present portfolio will, seen overall, be earning a profit in 2004. Ledstiernan's most important challenge is to see that this happens.

A large number of Ledstiernan's high-tech companies have established strong alliances with leading global players in their respective fields, among them HP/Compaq, IBM and Symbol, all of which are globally powerful at the customer stage. This strategy of forging alliances brings a strong competitive position without our technological companies needing to build up their own large and expensive marketing organisations. At the same

time, these alliances provide valuable evidence that our companies have international potential.

I would dare to suggest that Ledstiernan has one of the most exciting portfolios on the venture capital market. For example, two of our companies, ipUnplugged and Hotsip, were nominated as two of Europe's 50 most promising high-tech companies by Time Magazine during the year. Columbitech, in which we raised our interest in 2002, has achieved a major breakthrough on the us market. Another of our companies, North Node, achieved a real breakthrough during the year with its communication solutions for transmission of measurement data, such as electricity consumption in the Nordic region. Several more companies have achieved their commercial breakthrough.

Ledstiernan has no debt and a strong cash position

In last year's annual report, we commented that Ledstiernan's cash reserves would see us through to the end of 2004, even in the absence of exits. Ledstiernan's financial position is currently even stronger with higher cash reserves than one year ago and a portfolio with a noticeably lower need for follow-up investments than in the past.

As our portfolio companies are now more mature and we have strong co-investors in all our major projects, we believe that follow-up investments in our current portfolio will not amount to more than MSEK 100.

In 2002, Ledstiernan's administrative costs were radically reduced as planned to MSEK 24, and they should be down to around MSEK 20 in 2003. Despite cutbacks, our organisation and networks are still strong and well suited to our investment goal of developing our portfolio companies in preparation for exits.

Ledstiernan has no debt and at the time of writing its cash reserves amount to MSEK 220. Any new investments by Ledstiernan will primarily be made in connection with structural acquisitions by portfolio companies.

Further structuring to be expected in the VC industry

In 2002 Ledstiernan completed the acquisition of Speed Ventures. We hope we will be able to apply the lessons we learned from this process in other structural transactions. The Swedish venture capital industry is in great need of further consolidation, with small and medium-sized firms being the main candidates for takeovers.



Some key goals for 2003

We are focusing on developing our portfolio companies and gradually preparing them for exits.

When 2003 has come to an end, Ledstiernan's portfolio companies will have more than doubled their turnover and more than halved their losses in relation to 2002. Ledstiernan AB will have further reduced its administrative costs.

We also hope to make one or two worthwhile exits and possibly completed another structural transaction.

In other words, we are looking forward to an exciting 2003.

Stockholm 14 February 2003

Johan Wachtmeister
President

Business idea, goals and strategies

Business idea

Ledstiernan's business idea is to generate a high return on equity by investing in high-tech, growth companies with the development potential to achieve leading positions on their markets. We contribute to their development by playing an active role as shareholders, and then exiting them.

Ledstiernan's role is that of an investment trust, and we therefore do not consolidate the portfolio companies' results. As we need to generate capital gains in excess of our administrative costs and write-downs, if any, to earn a profit and a positive return for our investors, it is natural for our results to fluctuate.

Goals

Ledstiernan's goals are:

- the main holdings in the portfolio shall at least double their turnover and halve their losses in 2003, in relation to 2002; they shall reach breakeven in 2004;
- to develop the portfolio companies to make them ready to be divested;
- to earn an annual return on equity of 25%;
- eventually, to keep administrative costs at a level that is no more than 2.5% of our equity;
- to stay out of debt, and maintain adequate cash reserves;
- to develop the strongest network in the venture capital industry;
- to be the preferred partner for entrepreneurs and to contribute to the favourable development of the market for entrepreneurs and venture capital;
- to be the leading venture capital company on Stockholmsbörsen.

Strategies

We will:

- develop our companies by means of active ownership and our strong shareholder's position;
- seek exits/realise values primarily by means of industrial divestments, when the greater part of the potential value becomes realisable;
- establish strong links with leading global players, mainly in mobile communication.

Investment strategies:

- Our sector focus is mobile communication or technical sectors in which technology from Sweden and the other Nordic countries is in the forefront.

- To systematically apply our investment criteria, attaching great importance to leadership, international potential, scalability and unique technology;
- To create an investment structure and agreements that control risks and create an environment in which a healthy return can be achieved;
- To seek joint investments with co-investors of good repute.

In the aftermath of the decline on the market between 2000 and 2002, Ledstiernan gives priority to the following:

- To actively develop its existing portfolio companies;
- To make selective new investments—largely via structural acquisitions by portfolio companies;
- To be well positioned for future exits, partly by exposing of our companies clearly to possible take-over candidates;
- To monitor the process of consolidation on the venture capital market;
- To reduce administrative costs by a further 20% in 2003 to some MSEK 20.

Active ownership

Ledstiernan's equity interest in its main holdings amounts on average to 35%. We are closely involved in the development of our portfolio companies, partly by having representatives on their boards and partly through our investment managers, who maintain regular contacts with the companies, which often lead to involvement in projects. These may relate to the development of business plans and financing processes, but also include meetings with customers at which the companies are presented to companies belonging to Ledstiernan's industrial network, recruitment processes, exit processes etc.

Our active ownership is exemplified by the key partnership agreements that many of our technical companies have entered into. This enables the companies to retain their focus as primarily product development and product companies, but with strong marketing support organisations provided by alliances with our industrial partners at the customer stage. Some partnership agreements allow our companies' products to be fully integrated into their partner's products by way of OEM agreements. This gives our companies a very powerful impact on the market without their having to build up large and costly international marketing organisations. There is a tendency for these alliances to successively deepen.

Organisation and networks

Ledstiernan’s organisation and networks are well suited to our goals and strategies. Our active ownership of portfolio companies and all other activities are handled by employed personnel, who work closely together with our Board network and our industrial and financial networks.

Ledstiernan’s investment managers represent a necessary mix of expertise and experience in technical and financial matters, and business development competence. Our Board network is strong and can be drawn on to provide strong boards for our portfolio companies as well as providing effective coaching for their management personnel.

During the year Ledstiernan further strengthened its industrial network. We may especially mention our alliance with MIC, a Japanese venture capital company that is controlled by NTT DoCoMo. During the year, MIC invested further in two of our portfolio companies (ipUnplugged and Columbitech) as well as supporting other portfolio companies with market contacts in Japan. In October, MIC, Ledstiernan and the Swedish Industrial Development Fund arranged a conference in Tokyo for Japanese investors, at which a number of the Swedish portfolio companies were presented. Ledstiernan currently has two portfolio companies that are marketing their products on the often difficult Japanese market. Another international alliance is WIVA (the Wireless Internet Venture Association) to which Ledstiernan belongs together with a group of venture capital companies having a particular interest in investing in mobile or wireless communication and technology. The members include the venture capital organisations belonging to France Telecom, Orange, NTT DoCoMo, Sonera and Deutsche Telecom. Membership of this alliance gives Ledstiernan access to the very latest information

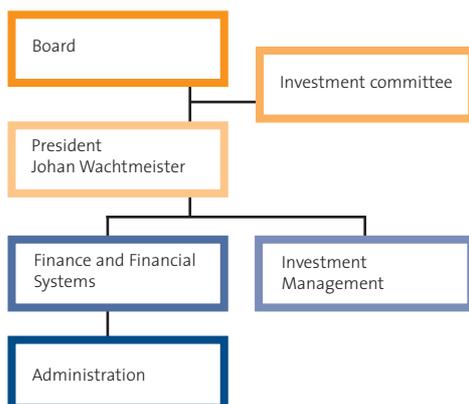
regarding critical technical developments and the specific strategies of mobile operators, while also being able to check the progress of joint investment projects. In the Nordic region Ledstiernan co-operates with leading independent venture capital companies through NVA.¹⁾

In 2002, Ledstiernan’s administrative costs amounted to some MSEK 24, a significant reduction on the level for 2001, even though Ledstiernan acquired Speed Ventures. We estimate that these costs will be further reduced to approximately MSEK 20 in 2003.

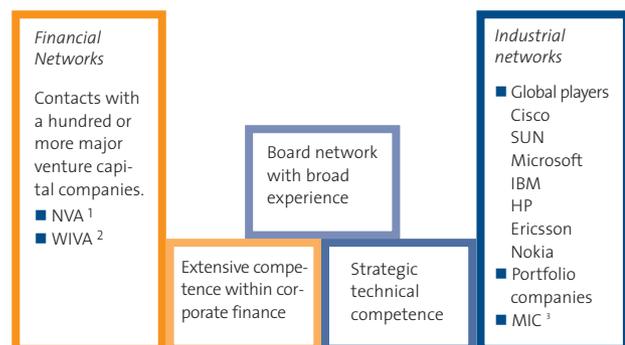
Continuity and the transfer of information on Speed Ventures’ portfolio companies has been handled in a satisfactory manner, partly by keeping the boards of these companies intact and successively enlarging them to include representatives of Ledstiernan.

- Ledstiernan’s organisation has a traditional structure:
- The Board which decides on the company’s strategic orientation and other major investment decisions (> MSEK 30).
 - The Investment Committee, which is chaired by the President, and whose members include the finance director and the investment managers, decides on and follows up investment projects that are expected to amount at an aggregate level to less than MSEK 30.
 - The President, who handles the company’s day-to-day external communications.
 - The Investment Managers, who have responsibility for Ledstiernan’s investments in and contacts with the individual portfolio companies.
 - The finance director and back-office staff, who handle the company’s financial control systems, administration and office services.

ORGANISATION CHART



CONCEPTUAL PICTURE OF ORGANISATION AND NETWORKS



¹ NVA: Nordic Venture Alliance

² WIVA: Wireless Internet Venture Association

³ MIC: Mobile Internet Capital

Personnel



Ann-Charlotte Björkman
Reception
Ann-Charlotte runs Ledstiernan's reception.

Johan Wachtmeister
President
Graduate engineer, MBA IMD. President and Partner in Ledstiernan since 1999. Formerly Vice President of SEB, head of Corporate Banking in Merchant Banking division, partner in Enskilda Strategy M&A Consulting. Chairman of Columbitech, Nordic Circle and The Empire.
Shares in Ledstiernan: 6,278,003 Series "B".

Jan Snygg
Investment Manager
Graduate engineer. Considerable experience from telecom sector. Within Ericsson he has been general manager and technical specialist, most recently with Ericsson in Silicon Valley, USA. Chairman of Incomit and Hotsip.
Shares in Ledstiernan: 6,000 Series "B".

Jonas Lindgren
Investment Manager
Graduate economist. Long experience in corporate finance. Joined Ledstiernan from Aros Securities, before which he was a financial analyst at Industrivärden. Board member: ShortLink and Ambio.

Fredrik Linton
Investment Manager
Graduate economist. Fredrik has considerable experience of Corporate Finance with Enskilda Securities, SHB and Orkla Securities. He has also worked with industrial policy and the innovative strength of European industry at the EU Commission in Brussels. Board member: It's Alive, The PhonePages, ccNOX and Mint.
Shares in Ledstiernan: 221,165 Series "B".

Arne Nabseth
Investment Manager
Graduate economist. Has 14 years' experience from international IT with Philips, IBM, KPMG, and most recently from Silicon Valley. Board member: Ambio and Emic Networks.

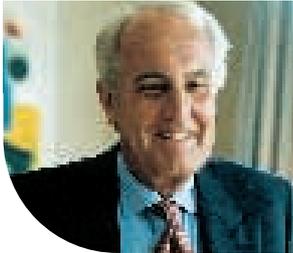
Gunilla Jernfält
Financial systems and accounting
Has responsibility for accounting and reporting. Joined Ledstiernan from Karl Stockman AB, where she had responsibility for accounting and administration.

Britt-Marie Boije
Chief Financial Officer
Britt-Marie Boije joined the company from Sky Park AB, where she was chief financial officer, before which she was administrative director at Next Stop Sweden. Board member: Start & Run and ccNOX.
Shares in Ledstiernan: 421,165 Series "B".

Anna Hammarberg
Administration
Has responsibility for administration and is the assistant to the President and the Investment Managers.

Board, founders & auditors

Board Members



Jan Carlzon

Born 1941. Graduate economist. Hon. LL.D. Partner in Ledstiernan since 1996. Former President and CEO of SAS and before that President of Linjeflyg and Vingresor. Co-owner with Mikael Solberg of investment company Karl Stockman Investments bv. Chairman of Ledstiernan AB. Board member: Intentia, Telecomputer AB and E. Öhman J:or. Chairman of the Swedish Lawn Tennis Association and board member of the International Tennis Association.

Shares in Ledstiernan: 7,175,291 Series "B".



Lars Berg

Born 1947. Graduate economist. Member of the board since 2000. Head of Mannesman AG's telecom operations until July 2000. Former CEO of Telia, prior to which he held senior management positions within the Ericsson group. Chairman of Net Insight. Board member: Telefonica Moviles, Eniro, Carnegie, Schibsted, Ratos, and Anoto Group.

Shares in Ledstiernan: 490,000 Series "B".

Warrants in Ledstiernan: 100,000



Birgitta Klasén

Born 1949. Graduate engineer. Member of the board since 2000. Senior IT advisor with focus on Europe. Formerly with Pharmacia Corporation, USA and UK, with responsibility for overall IT activities as Senior Vice President and Chief Information Officer until autumn of 2001. Prior to that Chief Information Officer at Telia. Before that, senior positions with IBM including responsibility for outsourcing in Sweden. Board member: ipUnplugged, Eniro, Föreningsparbanken, and E.ON Energie bv, Holland.

Shares in Ledstiernan: 50,000 Series "B".

Warrants in Ledstiernan: 100,000



Tomas Isaksson

Born 1954. Member of the board since 2000. President of Vodafone Americas Region, San Francisco. Former President of Europolitan. Member of several boards in North America, including Verizon Wireless Partnership, the largest mobile operator in the USA.

Shares in Ledstiernan: 0

Warrants in Ledstiernan: 100,000



Per Lundberg

Born 1943. Graduate economist. Partner in Ledstiernan since 1998. Former Group Credit Manager and head of Group Risk Control at SEB. Prior to that, President and CEO of Gota Bank and President of Förvaltnings AB Providentia. Board member: Billerud and Sophia Hospital (deputy chairman). Holds various representative positions and board appointments, including the Stock Market Council and the Institute for Economic History Research at the Stockholm School of Economics.

Shares in Ledstiernan: 5,673,208 Series "B".



Olof Stenhammar

Born 1941. Hon PhD. MA. Partner in Ledstiernan since 1998. Founder and chairman of OM AB. Chairman of AB Ratos, AB Basen, Hela Programmet International AB, Stiftelsen Mentor Sverige, Olympialaget Våga Vinna AB and Åre 2007. Board member: Ljungberggruppen AB and the Swedish Sea Rescue Association. Member of SNS board of trustees and the Advisory Board of the Stockholm School of Economics.

Shares in Ledstiernan: 8,355,208 Series "B".



Kaj-Erik Relander
Deputy member

Born 1962. Graduate economist, MBA. Partner in Accel Partners Ltd. Member of the board since 2000. Former President and CEO of Sonera. Prior to that, experience of the venture capital business.

Shares in Ledstiernan: 52,400 Series "B".

Warrants in Ledstiernan: 100,000



Leif Almstedt
Deputy member

Born 1948. MA. Partner in Ledstiernan since 1994. 1979–1984, President of Alerta, the Ericsson Group's counterpurchasing company. 1984–1993, President of Essve Produkter. Active in Switzerland with international investor and board assignments.

Shares in Ledstiernan: 5,364,654 Series "B".

Founders

Leif Almstedt

See Board.

Dag Bjurström

Born 1947. Mining engineer. Partner in Ledstiernan since 1995. Former President of LKAB International and Axel Johanson Resources. Since 1993 he has been a partner in and chairman of RPM Risk & Portfolio Management. Chairman of ESA, European SICAV Alliance and Voice Provider. Board member: Medcover, and Polyplank AB. Chairman in Sweden of the World President Organisation.

Shares in Ledstiernan: 6,123,208 Series "B".

Jan Carlzon

See Board.

Per Lundberg

See Board.

Hans Risberg

Born 1948. Graduate economist. Partner in Ledstiernan since 1995. Former President of and partner in companies in international trading and distribution. Before that with IIT, Gränges Metallverken and STC. Chairman of The PhonePages and Infomakers. Board member: Grupo Rodania, Mint, North Node, RnB etc.

Shares in Ledstiernan: 6,123,211 Series "B".

Thomas Rosén

Born 1953. Formerly sales manager at Electrolux. Founder of Montague Företagsleasing and Optimum. Former owner of Scanifastigheter. Board member: Grupo Rodania, Millennium Media Group and TC&W Förvaltning AB.

Shares in Ledstiernan: 5,873,208 Series "B".

Mikael Solberg

Born 1962. Co-owner with Jan Carlzon of the investment company Karl Stockman Investments bv. Founder of Nordic Circle. CEO of RnB. Board member: ipUnplugged, Angelstar etc.

Shares in Ledstiernan: 7,477,543 Series "B".

Olof Stenhammar

See Board.

Johan Wachtmeister

See Personnel.

Dan Walker

Born 1956. One of the founders of Ledstiernan in 1994. Left Ledstiernan for other business ventures in the autumn of 2001.

Shares in Ledstiernan: 6,539,356 Series "B".

Auditors

Olof Cederberg

Born 1949. Authorised public accountant, Ernst & Young. Ledstiernan auditor since 2000.

Bertil Oppenheimer

Born 1950. Authorised public accountant, BDO Feinstein Revision. Ledstiernan auditor since 2000.

Thomas Forslund

Deputy auditor

Born 1965. Authorised public accountant, Ernst & Young. Ledstiernan deputy auditor since 2001.

Market

Brighter outlook in telecom industry

After a number of years of concentrating on cost-reduction programmes and cutbacks we can now see signs that telecom operators are once again beginning to shift their focus towards investing in the future. New exciting mobile data services, broadband and other growth sectors require new technology and equipment, and existing networks and services need to be expanded in order to handle the increase in traffic and the number of users.

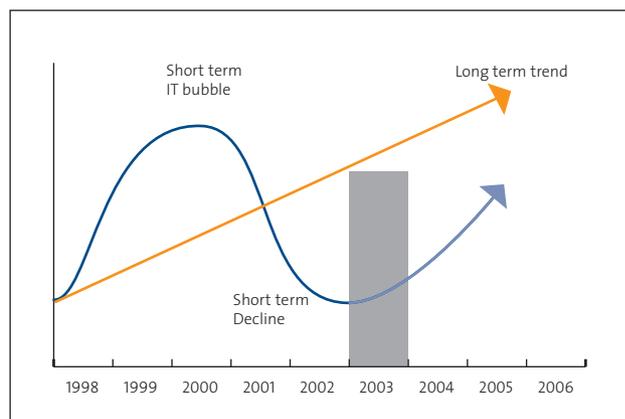
After one of the most astonishing stock market upswings in history at the end of the 90's we saw one of the worst market collapses. The bubble that burst was the negative effect of a number of interactive factors such as overconfidence in the short term effects of internet, over-investments in IT ahead of the new millennium, an overheated acquisition market and licence cost for 3G of MSEK 1,000,000. Operators accumulated immense debts which have taken several years to eliminate.

Now, in 2003, the situation looks brighter and most analysts appear to be agreed that the operators' investments will pick up again, but they disagree about when, and there are some differences between one geographical market and another. Cuts in Asia were not as savage as in Europe, for example, and Asia will continue to invest in the future. Europe is expected to show the most dramatic recovery, while in the USA things will probably take a little longer.

As our investment focus and a large part of our portfolio are concentrated on telecom, this change of trend is important to us even though many of our companies are active in growing segments. There is no doubt that telecom has a future and will once again become a strong growth industry.

In the crisis companies focus on essentials

For Ledstiernan as a venture capital company, what provides the foundation for our business is long-term market trends and long-



term value creation in our portfolio companies. Ledstiernan invests in companies that have the potential to become leaders in a global or regional perspective, and we expect that it can take anything between four and eight years to achieve this position. Naturally we are also influenced by short downturns in the market, although not only adversely.

For many of our companies, it has been a frustrating period in which customers have repeatedly put off their investment decisions. At the same time, our customers have learnt to make efficient use of their resources and to act smartly and purposefully. They have also gained access to exceptionally qualified personnel and a large proportion of their fixed costs has been reduced. In other words, the crisis has helped to create some very sound companies, with strong corporate cultures, fully developed products and sharp marketing messages. These companies are now ready to reap the fruits of the investments that their customers are beginning to make.

Acquisitions will pick up

Now that the operators, the driving force behind the telecom market, are starting to look to the future again and investing in new equipment, there will be pressure on their preferred suppliers to develop new products in time. Ericsson, Nokia, Cisco, HP, IBM and all the other major suppliers will then start competing to obtain sole rights to new innovative technology from small, nimble companies like those in Ledstiernan's portfolio. Cisco, for example, stressed its competitors with 18 acquisitions in 1999 and 23 in 2000. In 2001 Cisco applied the brakes and bought only two companies, but by 2002 the company had begun to accelerate again, buying six companies in that year. Cisco has already demonstrated that a combination of in-house development and acquisition is the best model for "product development", and all major players on the telecom market will need to adapt to this type of behaviour.

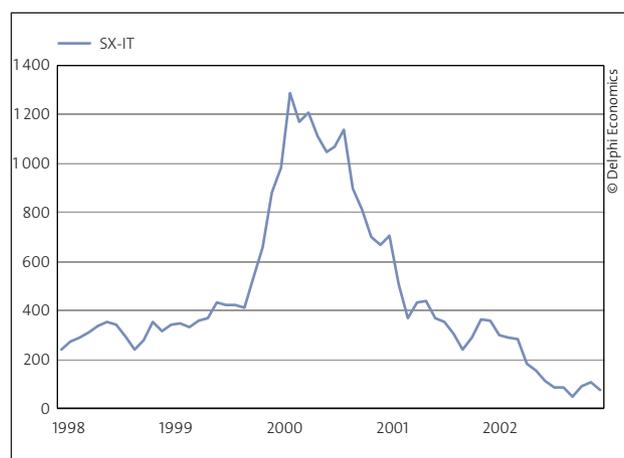
We build new Swedish growth companies

We believe that active ownership is the only way of creating lasting shareholder value, and we have focused on a segment of the market with long-term growth, where major restructuring will create unique opportunities for innovative small companies, and where the Nordic region is uniquely positioned in terms of competence. The telecom market is now going through the same extensive changes beneath the surface as the computer industry did in the 80's, when mainframe and mini-computer suppliers were threatened, and in many cases beaten, by bold new companies such as Microsoft, Intel, Sun Microsystems, Dell and many others. In 10–15 years the telecom map will look quite different

from what it is now and perhaps we will see ipUnplugged, Columbitech, Hotsip, Incomit, the PhonePages or one or two other new names there. If not, it is fairly certain that many of these companies will have been bought up by the large international enterprises which will have helped to survive in this way—by not relying solely upon their own internal resources.

Has the curve hit bottom?

Ledstiernan focuses on telecom and IT companies and our business is affected by how strong the underlying market for our products and services is, and by the development of the valuation of unlisted companies. The stock market indexes, above all for telecom and IT, are interesting indicators of what the market thinks about these two issues.



IT index

The figure shows how dramatically the stock market, and above all the IT bubble, was in 1998–2002 both when it was rising - culminating in the first quarter of 2000—and when it fell. The argument regarding IT index development in 1999 and 2002 cannot be transferred direct to Ledstiernan's portfolio. For example,

it no longer has all the companies that were there in 1999 and the value of a company that is now three years old is higher than one that had just been started in 1999. However, the IT index can serve as a reference for the general state of health on the IT market, and for corporate valuations in the case of slightly more mature IT companies. A declining value of some 95% since prices peaked is dramatic. We are now looking for indications of a recovery in the industries we are involved in, such as:

- Share issues by major IT and telecom companies implemented to reduce the financial risk and debt in the industry (this has largely already happened between 2000–2002).
- The IT and/or telecom indexes will rise again. This would indicate that profits and market growth are returning to the industry.
- Profitability of all the major industrial IT and telecom players creates new stability (this should happen to the full in 2004 starting in 2003 as cost-reduction programmes and the like begin to bite).
- Industrial players will once again start acquiring more unique high-tech companies, which will generate exit profits for venture capitalists. The number of industrial acquisitions is now beginning to increase again from low levels.

When we can confirm that the above events have occurred, venture capitalists like us wishing to invest in high tech companies will once again find ourselves in a very interesting situation. Ledstiernan's view is that there are prospects of a relatively bright market situation possibly as early as 2004, and definitely in 2005. There is much to suggest that once the recovery has started in the telecom sector it could prove strong. With these time perspectives, financial resilience is a basic requirement for venture capitalists. The venture capital companies without adequate financial reserves will be knocked out. Those with financial resilience and a strong portfolio have every chance of creating substantial value in the future.

Maturity and development of the portfolio

Ledstiernan began to invest in its present portfolio in the autumn of 1999. Most new investments were made in 2000, when the bulk of the companies also commenced operations. Consequently the portfolio is still young and the companies are generally at an early commercialisation phase. Most companies may be described as high tech, which is why there are at present only a few companies that have reached the stage when they can show a positive cash flow. The graph below is an attempt to show how the maturity of the portfolio changed during the 2000–2002 period and to indicate a target for 2003. The average age of the 20 companies included in the comparison is around three years.

The graph shows how Ledstiernan's equity-interest weighted turnover and result after financial net developed on an aggregated basis over the period. The figures were arrived at by multiplying Ledstiernan's present equity interest in each portfolio company (including large shareholdings on account of possible conversions of convertible loans where it is considered likely) by its turnover and result after financial net for each year. The above equity interests have been kept constant over time with the object of showing how the degree of maturity has changed for those companies that at present are Ledstiernan's active holdings (see portfolio review on pages 15–16). With the same object in mind, the structure of the portfolio was also assumed to have been constant over time. These equity-interest weighted figures for turnover and result after financial net were then summarized to give the figure shown in the graph below.

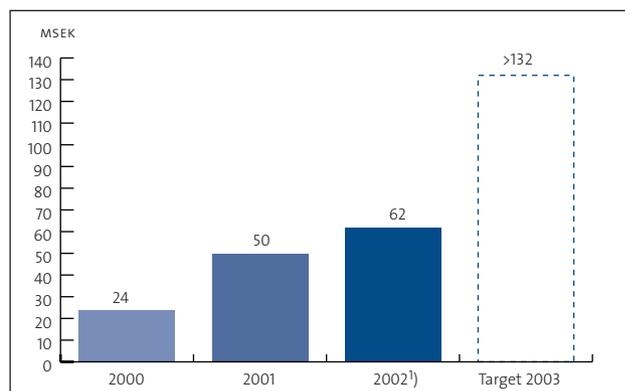
As the graph shows, the equity-weighted turnover amounted to MSEK 24 in 2000, after which it rose to MSEK 50 in 2001 and to

MSEK 62 in 2002. The corresponding figures for the equity-weighted result after financial net were a loss of MSEK 38 for 2000, a loss of MSEK 110 for 2001, and a loss of MSEK 92 for 2002. The reasons for the considerable deterioration in the result between 2000 and 2001 were that not all companies had started their business at the beginning of 2000, which makes it impossible to see any full year effect for the whole portfolio for that year, and that most companies developed their operations and products in both 2000 and 2001, which generated sustained rising costs. It is interesting to observe that a very large share of the negative result of the period took the form of research and development costs, which have been treated fully in the numerical data as costs and thus taken in full against the result. These costs could partly be regarded as investments in the future and need not therefore be charged against the result, at least not before they begin to generate revenue. According to Ledstiernan's calculations, such treatment of research and development costs would have resulted in an accumulated equity-interest related loss for the period of some MSEK 70 for 2000–2002, compared with the above noted loss of MSEK 240.

Ledstiernan expects 2003 to be a year when all companies achieve their commercial breakthrough. Consequently, it also expects a much larger increase in the equity-interest weighted turnover and a much larger improvement in the equity-interest weighted result than was the case in 2002.

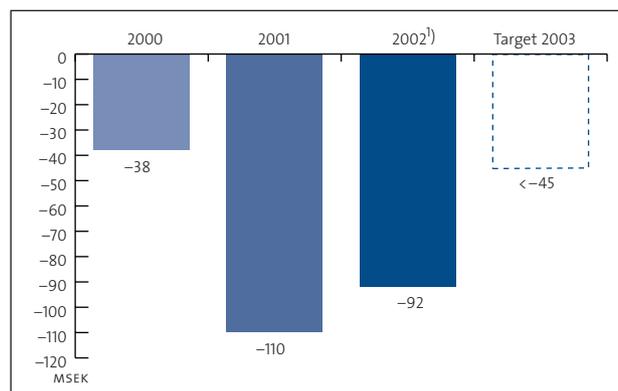
The target for 2003 is to more than double the turnover and to at least halve the loss made in 2002 in order to achieve breakeven for the whole portfolio in 2004.

Equity-interest weighted turnover



¹⁾ The figures are based on preliminary accounts.

Equity-interest weighted result after financial net and R&D expenditure stated as costs



Portfolio holdings

COMPANY	ACQUISITION DATE	PRESENT ²⁾ EQUITY INTEREST	ACQUISITION VALUE SHARES	CONVERTIBLE LOAN	OTHER LOAN	TOTAL INVESTMENT	EXTERNAL VALUATION TRANSACTION POST-MONEY ²⁾
Technical companies							
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⁾	June-02	36.6%	0	3,309		3,309	
Grupo Rodania	Oct-00	49.0%	7,650		2,000	9,650	
Hotsip	June-02	25.3%	20,624			20,624	
Incomit	Aug-00	39.8%	50,037	5,000		55,037	
Infomakers	July-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	
Repeatit	Mar-00	43.4%	15,846	2,685		18,531	
ShortLink	May-01	9.0%	3,129			3,129	
the PhonePages	Mar-00	31.3%	28,332		28,332	20,345	
Voice Provider ¹⁾	Nov-00	21.3%	6,116			6,116	
SUB-TOTAL TECHNICAL COMPANIES			305,083	29,445	2,000	336,528	
Media companies							
It's Alive	June-02	30.4%	6,015	2,587		8,602	
Millennium Media Group	Dec-99	36.2%	21,787	700		22,487	
SUB-TOTAL MEDIA COMPANIES			27,802	3,287	0	31,089	

COMPANY	ACQUISITION DATE	PRESENT ²⁾ EQUITY INTEREST	ACQUISITION VALUE SHARES	CONVERTIBLE LOAN	OTHER LOAN	TOTAL INVESTMENT	EXTERNAL VALUATION TRANSACTION POST-MONEY ²⁾
Service companies							
CCNOX	¹⁾ Sep-00	42.9%	8,801			8,801	
Nordic Circle	July-99	31.5%	41,399		3,500	44,899	
SourceByNet	June-02	12.5%	6,710			6,710	9,135
SUB-TOTAL SERVICE COMPANIES			56,910	0	3,500	60,410	
Other companies							
Code Factory	³⁾ June-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	Oct-99	19.6%	20,004			20,004	
GoPro Landsteinar Group	Apr-00	4.3%	25,217			25,217	
Goyada	³⁾ ⁵⁾ June-02	8.8%	0			0	
Kamera Holding	May-00/June-01	8.5%	8,547			8,547	
MGON International	⁴⁾ Feb-00	47.0%	18,000	13,502		31,502	
Spreadskill	³⁾ June-02	16.6%	0			0	
Start & Run	Jan-00	38.5%	7,500	1,500	150	9,150	
TenFour	Mar-00	3.8%	7,432			7,432	
Travel Intelligence Group	Feb-00	2.1%	14,840			14,840	
Verktygshuset	¹⁾ Nov-00	33.3%	4,000			4,000	
VS Market	June-00	4.6%	1,578			1,578	
SUB-TOTAL OTHER COMPANIES			132,397	15,002	150	147,549	
ACQUISITION VALUE OF SHARES AND CONVERTIBLE LOANS						575,576	
WRITE-DOWNS						-218,072	
BOOK VALUE						357,504	

¹⁾ Ledstiernan has issued call options on 5% of its total holding as an incentive.

²⁾ Excluding convertible loans.

³⁾ Acquisition value SEK 0 in connection with acquisition of Speed Ventures.

⁴⁾ The company was placed in bankruptcy in January 2003.

⁵⁾ Goyada was sold in January 2003.

Portfolio companies

Ledstiernan's main holdings, in which we own an average of 35%, are presented on pages 18–27. We are active shareholders in these companies and focus sharply on developing them to profitability. Five of these companies are described in more detail to demonstrate the various technologies that are included within Ledstiernan's focus area.

Technical companies

Ambio Tech	18	Columbitech	23	the PhonePages	25
ipUnplugged	19	Emic Networks	23	Repeatit	25
Hotsip	20	Incomit	24	ShortLink	25
North Node	21	Infomakers	24	Grupo Rodania	26
Voice Provider	22	Mint	24		



Media companies

MMG	26
It's Alive	26



Service companies

CCNOX	27
Nordic Circle	27
SourceByNet	27



Other Companies

Companies where Ledstiernan in most cases has a small equity holding where we do not play an active role as shareholders and where no further investments are planned.

CodeFactory
www.codefactory.se
 Ekonomi24
www.ekonomi24.se
 EuroFlorist
www.euroflorist.se

FM Fondmarknaden
www.fondmarknaden.se
 GoPro Landsteinar
www.goprogroup.com
 Kamera Holding
www.kamera.se

Spreadskill
www.spreadskill.com
 Start and Run
www.startandrun.com
 TenFour
www.tenfour.com

Travel Intelligence Group
www.travis.com
 Verkttygshuset
www.verkttygshuset.se
 VS Market
www.vsmarket.com

Technical companies

Ambio Tech



Ambio Tech develops and markets a mobile terminal and internet system for improving the efficiency and quality of the work carried out by mobile work forces, such as property managers, service technicians and other mobile personnel.

THE RIGHT INFORMATION, AT THE RIGHT TIME, TO THE RIGHT PEOPLE

Using Ambio's Focuz system, users can communicate and exchange job instructions, tasks, measures, status and other information via internet and/or mobile terminals, such as mobile phones. The ability this gives the field personnel to give and receive information to and from customers, customer service, and the office, saves work and travel time and keeps everyone updated on the current situation—including the end customer, who thus also obtains better service.

BETTER SERVICE GIVES MORE SATISFIED CUSTOMERS

At present, the company's customers include

property management, service and energy companies as well as county councils in Sweden. After only a brief period of use, all of these customers can already report significant improvements in efficiency and greater customer satisfaction.

Agreements were reached with the Swedish Post Office, Telge Energi, HSB and the Norbotten County Council during the year. An agreement was also signed for the implementation of the Focuz system at ABB Building Systems.

The company has entered into an alliance with telecom operator Orange for sales and marketing in the Nordic region and in a number of countries on the continent.

SEVERAL NEW CUSTOMERS IN DIFFERENT MARKETS

- New customers in property management: HSB and ABB Building Systems.
- New orders for county council service personnel.
- New customer in the energy service: Telge Energi.

- Marketing alliance with telecom operator Orange.

STRONG CUSTOMER RELATIONS PRIORITISED

The company's strategy is to strengthen customer relations in its main segments: housing, commercial property, public premises, service, energy utilities, maintenance and county councils.

www.ambio.se



FOUNDED: 2000

CHAIRMAN: Bernt Johansson

PRESIDENT: Lars Eriksson

TOTAL INVESTED CAPITAL: MSEK 18.5

LEDSTIERNAN'S INVESTED CAPITAL: MSEK 18.4

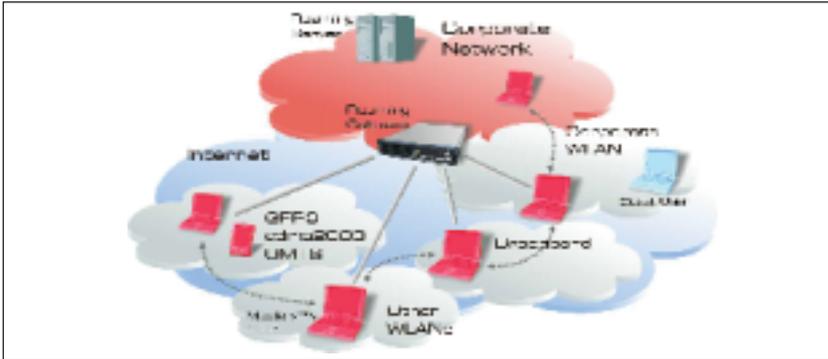
LEDSTIERNAN'S EQUITY INTEREST: 49.9%

TURNOVER 2002*: MSEK 2.0

NUMBER OF EMPLOYEES: 4

*Financial year 1 July 2001—31 December 2002

ipUnplugged



ipUnplugged develops software for secure mobility. The products enable the integration of various types of network so that end users can move freely between them (seamless roaming), and access information securely from any location using either fixed or wireless connections (mobile VPN).

SECURE AND PROBLEM-FREE CONNECTIONS

At present there are a variety of different networks for mobile access (such as WLAN, UMTS and GPRS), and end users may have problems moving between them, losing connection and having to reconnect.

ipUnplugged's products make it possible for users to roam seamlessly between different networks and access information regardless of location. This can be achieved without compromising on security.

FOR PEOPLE ON THE MOVE

The company's products are mainly intended for corporate clients with employees who spend much of their time on the move and who need to communicate and gain access to important information while working away from the office.

BUSINESS CUSTOMERS IN MANY COUNTRIES

It is estimated that 185 million people will need this service by 2006. ipUnplugged canvasses potential corporate business customers through various channels:

1. Direct sales together with system integrators. The company has, for instance, an agreement with IBM.
2. Indirect sales via other equipment suppliers. For instance, the company has an OEM agreement with a leading equipment supplier in Asia.
3. Indirect sales via operators. The company is engaged in an advanced stage of discussions with leading operators in Asia, the USA and Europe, who are considering buying equipment from ipUnplugged to be able to offer their business customers a new type of service. ipUnplugged is a member of a consortium of equipment suppliers, known as SMDSE (Secure Mobile Data Solution for Enterprises), whose aim is to create a complete business solution for mobile users. The solution is marketed direct to companies and via operators. The other members of this consortium are Lucent, HP, iPass, Sierra Wireless and Proxim.

COMPLETE SOLUTIONS FOR DIFFERENT ENVIRONMENTS

ipUnplugged's unique position on the market is based on its ability to supply a complete solution for seamless roaming and Mobile VPN based on industry standards like MobileIP and IPsec which can also scale to a large number of end-users. It is therefore possible to implement the solution both in the business environment and in an operating environment where demands regarding the number of end users are usually

higher. The income model is based on the out-licensing of software with a small mark up for support. The hardware element is very limited. The most important markets at present are Japan and the USA followed by Europe.

AN EVENTFUL YEAR

- OEM agreement was reached with a leading Asian equipment supplier.
- ipUnplugged was elected to the SMDSE together with leading companies such as Lucent and HP.
- Additional financing from Mobile Internet Capital, a Japanese venture capital company, and Sweden's Industrial Development Fund.
- Lars Boman, with long experience from Ericsson, took over as the company's President. Revenue in 2002 amounted to just over MSEK 5.

SALES ARE EXPECTED TO INCREASE IN 2003

For some time ipUnplugged has been running tests with a large number of leading operators and other equipment suppliers. The company is now in its commercialisation phase and revenue is expected to increase sharply in 2003. ipUnplugged expects 2003 to be the year when the market takes off, which should result in a number of significant commercial orders.

www.ipunplugged.com



FOUNDED: 1999

CHAIRMAN: Bo Dimert

PRESIDENT: Lars Boman

TOTAL INVESTED CAPITAL: MSEK 125

LEDSTIERNAN'S INVESTED CAPITAL: MSEK 72.4

LEDSTIERNAN'S EQUITY INTEREST: 42.6%

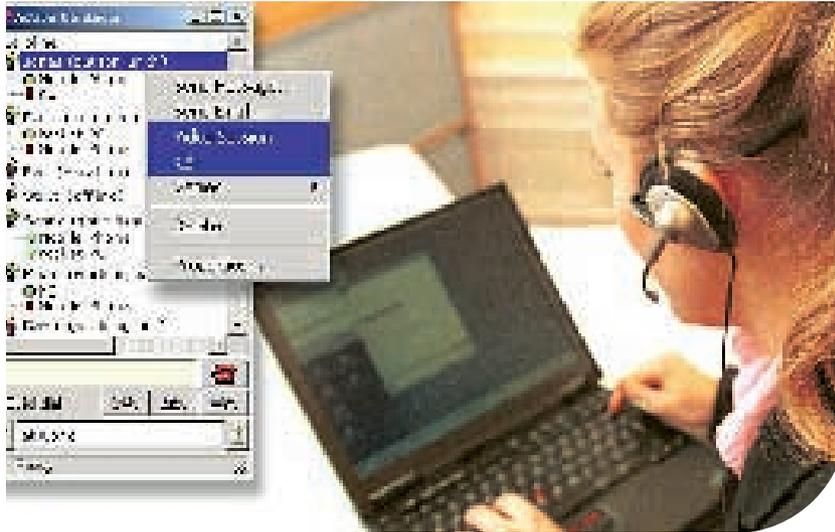
OTHER LARGE SHAREHOLDERS:

Mobile Internet Capital and the Swedish Industrial Development Fund

TURNOVER 2002: MSEK 5.4

NUMBER OF EMPLOYEES: 45

Hotsip



"Hotsip redefines the way which we communicate. Not necessarily by changing our behaviour, but by supplying more information about the person or persons you communicate with," says Kenneth Gustafsson, President of Hotsip AB.

Hotsip is a leading supplier of real time applications based on Presence and SIP functionality for fixed and mobile networks. Hotsip's real time applications offer end-users a new way of communicating that is easy, efficient and fun!

MORE INFORMATION MEANS BETTER COMMUNICATION

Hotsip develops software clients (Hotsip® Active Contacts™) used in different kinds of terminals and communications infrastructure software (Hotsip® SIP Application Server, Hotsip® Presence Engine and Hotsip® Presence and Messaging Gateway) which are installed and operated in service providers networks. The products offer end-users communication services such as internet telephony, messaging, video conferencing, network gaming and call control services. For operators these services generate new sources of income from the larger number of phone calls made and messages sent.

In 1999 Hotsip initiated the development of

an application based on a new internet standard for real time communication—Session Initiation Protocol (SIP). SIP enables communication between two parties over the internet. Hotsip's applications are also developed around the concept of Presence, i.e. the knowledge that a person is available for communication and of the way in which he or she can communicate. Is Peter still at work? Can I ring Anna without disturbing her or should I send her a message? Is there anyone in Support who can help me immediately? You can have all these questions answered if you know a person's Presence information.

OPERATORS ARE OUR CUSTOMERS

Hotsip's solutions are sold to operators who wish to supply end-user services that combine mobile, fixed and IP-based networks. Hotsip's solutions can now be found in several operator's networks, such as Sonera in Finland. Hotsip sells its products mainly via system integrators and infrastructure suppliers.

It also has alliances and works closely together with HP, Cisco and IBM.

AWARD WINNING, REAL-TIME SOLUTION

In 2002 Hotsip received several awards for its strong market position in real time communication and software development. For example, it was nominated by Time Magazine as one of the most promising IT companies in Europe ("top 50 companies in Europe"). The company was also contracted to supply online communication at the Nobel Prize ceremony in Stockholm.

In 2003 Hotsip will continue to develop its strong market position as a leading SIP and Presence company by further focusing its efforts on the Asian and European markets, mainly through alliances with global and local system integrators and infrastructure suppliers.

EMPLOYEES

Hotsip has grown steadily since inception, and has accumulated leading experts in SIP and Presence. At present, Hotsip's core team comes from companies such as Tele2, Ericsson, Telia, Cisco and Nokia.

www.hotsip.se



FOUNDED: 1999

CHAIRMAN: Jan Snygg

PRESIDENT: Kenneth Gustafsson

TOTAL INVESTED CAPITAL: MSEK 150.1

LEDSTIERNAN'S INVESTED CAPITAL: MSEK 20.6

LEDSTIERNAN'S EQUITY INTEREST: 25.3%

OTHER LARGE SHAREHOLDERS:

31 Venture Capital and Argnor Wireless Ventures

TURNOVER 2002: MSEK 8

NUMBER OF EMPLOYEES: 32

North Node



North Node's systems help property owners to reduce their costs, offer more attractive homes and enable more efficient management. Using the same systems, energy companies can implement automatic meter reading and debiting.

North Node develops and markets energy-measuring hardware and software and offers a number of different alarm, security and communication services to the online home. North Node develops and markets power-measuring hardware and software and offers a number of different alarm, security and communication services to the online home.

BRIGHTHOME—COMMUNICATES WITH THE HOME

North Node's Brighthouse System enables property owners to make individual measurements of electricity, water and heat consumption. It can handle alarm functions for burglary, fire and damp, and handle communication between property owners and their tenants. Power companies can automatically read off the energy consumption of any selected group of customers, which provides more efficient administration and lower costs. For electricity

customers this means correct debiting of electrical consumption as it is based on actual rather than estimated consumption.

TWO CUSTOMER CATEGORIES

North Node focuses on two different markets: the property market, with the emphasis on municipal property owners, and grid-owning power companies. The company now numbers several property owners among its customers, including KBAB in Karlstad, ÖBO in Örebro and Mimer in Västerås. It is also delivering its systems to Sehlmer-Skanska in Norway for the conversion of the Rikshospital into tenant-owned apartments.

NEW PRESIDENT FOCUSES ON ENERGY MARKET

The company recruited a new president, Göran Skyttvall, during the year, with long experience from Ericsson and American IT companies.

Other changes were also made in North Node's organisation in 2002. The company has set its sights on the energy market, which has resulted in a key initial order from Affärsverken, an energy company in Karlskrona. North Node is now moving from being a development company into a commercial company. The products are pre-packaged and ready to sell.

There have been changes on North Node's markets. The energy market has been shaped by several events that creates new demands on power companies in Sweden. As of 2006, grid-owning power companies will have to be responsible for the monthly reading of all electricity meters, making up a total of 1.3 million measurement points.

End-customers are to be debited on the basis of their actual consumption and not, as is present practice, on provisional estimates. This means that the power companies will have a much greater need for Automatic Meter Reading (AMR) systems that can collect and handle consumption data. North Node can now deliver

a cost-efficient, advanced and expandable system that enables power companies to comply with the new rules.

NEW DEMANDS CREATE MARKET FOR NEW PRODUCTS

With its growing focus on the energy market and AMR, North Node sees a large potential on the fast growing billion dollar market for electricity meter reading. North Node has beaten its competitors to the market, and enjoys considerable competitive advantages with its extensive product offering. The property owners market is not as mature and developed, and here the competition is also weaker and less. Sales today are made in Sweden and Norway, but the company plans geographical expansion.

The strategy for North Node's coming development is to acquire high competence in the energy field, and continue along its chosen path of canvassing grid-owning power companies. The plan is to install pilots that are then rolled out through the entire customer base. The pricing model will also be reviewed. Power companies are looking for products with low prices, the primary function of which is to measure power consumption. The sales organisation will also be based upon cooperation with a number of selected, strategic partners.

www.northnode.se

north
node

FOUNDED: 1999

CHAIRMAN: Mats Cederholm

PRESIDENT: Göran Skyttvall

TOTAL INVESTED CAPITAL: MSEK 45

LEDSTIERNAN'S INVESTED CAPITAL: MSEK 19.4

LEDSTIERNAN'S EQUITY INTEREST: 45%

OTHER LARGE SHAREHOLDERS:

Telenor Ventures

TURNOVER 2002: MSEK 3.2

NUMBER OF EMPLOYEES: 19

Voice Provider

WHAT REACTIONS HAVE YOU RECEIVED FROM YOUR CUSTOMERS?

“So far the response has been good, with most customers praising the simplicity of the booking procedures. We’re now introducing the service properly, and hopefully within a couple of months we’ll have moved large volumes of our bookings and payments.”

TOMAS BYBERG,
PRESIDENT OF YBUSS

“This partnership will be very exciting. Voice controlled services are a strength that will enable us to satisfy our customers’ demands for mobility and user-friendliness. We see considerable potential in the technology and are very confident about this new alliance.”

TORBJÖRN WIK,
MARKETING DIRECTOR ATG

“Call volumes to Posten Contact Center are constantly on the increase. Thanks to voice-controlled services based on speech recognition technology, we’ll also be able to maintain a high standard of service for our customers.”

PETER WEIDER,
HEAD OF POSTEN CONTACT CENTER

“We’re very pleased to be able to offer our customers the possibility of booking tickets at any time of the day or year through our voice-controlled booking service. This is a very cost-effective complement to our manual booking facilities.”

BP PETERSSON,
PRESIDENT SÄFFLEBUSSEN

Voice Provider develops and sells automated, voice-controlled telephony services as a complement to manual customer service.

IMPROVED ACCESSIBILITY

The use of voice control enables a voice-controlled dialogue with a computer. The efficient and user-friendly performance of various types of customer service this achieves means that customer services can be improved. Voice Provider’s solutions can eliminate telephone queues and offer a 24-hour service while helping to keep costs down.

PARTNERS AND CUSTOMERS

Examples of services and customers:

- Timetable information for Swebus.
- Timetable information and bookings for Braathens.
- Timetable information, bookings and payment for Ybuss coaches.
- Gambling and results services for ATG.
- Search function for the Post Office (postal code, box numbers, mail distribution points etc.)
- Stock market information for Dagens Industri, Nordnet etc.
- Password management etc. for SAS.

Voice Provider cooperates closely with SIG (SAS IT Group). SIG complements Voice Provider well with its considerable competence in the

secure operation of mainframe computer systems.

Voice Provider is a service provider which means that it provides voice-control services as a function (on an outsource basis) and takes full and comprehensive responsibility from design to operation. This results in long-term customer relations and gives economies of scale. The model results in considerable income potential with fixed delivery revenue and the possibility of considerable regular revenue in the future. The company is represented in Sweden, Norway and Denmark.

MAJOR SUPPLIER IN 2002

Together with SIG, Voice Provider won a large number of major orders in Sweden, such as those for the Post Office and ATG, in 2002. This establishes Voice Provider as a leading supplier of voice-control services in Sweden.

THE IMMEDIATE FUTURE

Voice Provider is expected to strengthen its position in market leadership in 2003 and will, according to forecasts, earn a profit.

If you want to test any of Voice Provider’s services call:

Swebus 0200-218 218, Ybuss 0771-33 44 44, ATG 0900-10 20 567, Posten 020-23 22 21.

www.voiceprovider.com



VOICE PROVIDER

CHAIRMAN: Dag Bjurström
 PRESIDENT: Bengt Persson
 TOTAL INVESTED CAPITAL: MSEK 18
 LEDSTIERNAN’S INVESTED CAPITAL: MSEK 6.1
 LEDSTIERNAN’S EQUITY INTEREST: 21.3%
 OTHER LARGE SHAREHOLDERS:
 Telenor Ventures and Skandia
 TURNOVER 2002: MSEK 3.5
 NUMBER OF EMPLOYEES: 10

“Talking is the most natural way of communicating, which makes voice control the most user-friendly technology on the market at present.

Thanks to the new voice control services, we’re able to increase the freedom of choice and availability of our services for our customers.”

ÅSA EDDE, PROJECT MANAGER,
POSTEN CONTACT CENTER

Columbitech

Columbitech develops and markets software products for secure wireless data communication over WLAN, GPRS and other wireless networks.

The company's main product, Columbitech Wireless VPN, is the world's leading security solution for wireless use, and provides users with secure, immediate, stable wireless access to their company's information and data, even under the most exacting circumstances. The product is currently OEM licensed to Symbol Technologies, which makes Columbitech Wireless VPN an integrated part of Symbol's Airbeam solution for wireless WLAN networks. The company has also joined forces with Symbol to launch a number of customer projects, including one with a leading retail chain in the USA.

Columbitech reaches the corporate market

through partnerships with global IT enterprises, such as that with Symbol. Notable amongst these is Hewlett-Packard, with which Columbitech has signed a partnership agreement to develop the market for secure automotive telematics. In 2002, Columbitech made a decisive breakthrough on the global market with, amongst other things, the signing of OEM licence agreements with Symbol Technologies. Its partnership with Symbol gives Columbitech access to an extensive customer base that includes the USA's largest supermarket chains and the American armed forces. Columbitech's focus for 2003 is to increase sales by developing its alliances with its main partners, Symbol and Hewlett-Packard.

www.columbitech.com



FOUNDED: 2000
 CHAIRMAN: Johan Wachtmeister
 PRESIDENT: Pontus Bergdahl
 TOTAL INVESTED CAPITAL: MSEK 61
 LEDSTIERNAN'S INVESTED CAPITAL: MSEK 16.6
 LEDSTIERNAN'S EQUITY INTEREST: 18.0%
 OTHER LARGE SHAREHOLDERS:
 Servisen, T-Bolaget and
 Pelago Ventures
 TURNOVER 2002: MSEK 8.0
 NUMBER OF EMPLOYEES: 11

EMIC Networks

EMIC Networks is a leading supplier of software solutions with high-availability, fault tolerance and clustering for application and database vendors.

Continuity in transactions and information is vital to today's organisations. Now that more and more companies are basing their operations on IT networks, downtime can prove expensive and business critical functions can crash. To avoid this, Emic has launched two products:

- EMIC Application Clustering (EAC), which provides greater performance, reliability and scalability for MySQL databases (4 million installations) and Apache web servers (20 million installations)
- EAC Toolkit, an integrated solution for clustering and load-balancing, fulfilling operator demands for 99.999% availability, for all real-time or Linux-based systems.

Emic's main market is the USA, but it already has a dozen or so customers in other parts of the world. Emic also has a marketing agreement and a close partnership with MySQL AB, which gives it access to an extensive base of potential customers.

Emic Network's head office is located in San José, California, and it has a development unit in Uleåborg, Finland.

In 2003, the company will focus on increasing its marketing and sales operations through MySQL and on canvassing the most attractive markets and selling its products for MySQL's and Apache's customers via local retailers. The company is expected to achieve profitability at the end of 2003.

www.emicnetworks.com



FOUNDED: 2000
 CHAIRMAN: Kari Honkanen
 PRESIDENT: Eero Teerikorpi
 TOTAL INVESTED CAPITAL: MSEK 10
 LEDSTIERNAN'S INVESTED CAPITAL: MSEK 3.3
 LEDSTIERNAN'S EQUITY INTEREST: 36,6%
 TURNOVER 2002: MSEK 0.8
 NUMBER OF EMPLOYEES: 10

Incomit

Incomit's Movade solution is a service development environment for telecom operators that enables them to produce different types of service for their customers more quickly, efficiently and cheaply than before.

Movade also enables other service developers to produce services that coordinate data communication with telecommunication in ways never before possible.

The most important customer groups are telecom operators and other system developers. The development of Movade was completed at the end of 2002, after which it was successfully tested with a number of telecom operators, including Swisscom and Vodafone.

A partnership was initiated with Hewlett-Packard at the start of 2003.

www.incomit.com



FOUNDED: 1999

CHAIRMAN: Jan Snygg

PRESIDENT: Edouard Mercier

TOTAL INVESTED CAPITAL: MSEK 79

LEDSTIERNAN'S INVESTED CAPITAL: MSEK 55.0

LEDSTIERNAN'S EQUITY INTEREST: 39.8%

OTHER LARGE SHAREHOLDERS:

New Ground Capital

TURNOVER 2002: MSEK 0.1

NUMBER OF EMPLOYEES: 40

Infomakers

Infomakers is a Stockholm-based IT company that develops CRM (Customer Relationship Management) applications.

Infomakers develops solutions that enable a more efficient dialogue between users such as major retail chains, banks and their customers. Its customers include ICA, SEB, Nordea and Vodafone Stores.

Infomakers enables customers such as ICA to target their customer offers, initially via customer terminals in stores and offices, and eventually via the customers' mobile phones and hand-held computers. For example, Maxi has installed customer loyalty terminals in all its stores. The solution has proved to be an excel-

lent complement to, and to some extent a replacement for, mass mailings of discount vouchers.

Infomakers has developed the software and manages the operation and maintenance of the system. It clearly demonstrated the customer benefits of its solutions in 2002, and a number of new marketing opportunities have opened up in Sweden and in other parts of Europe.

In 2003, Infomakers' applications for more efficient CRM solutions will be sold by its channel partners in Europe, and to a certain extent in the USA as well. The company expects to earn a profit in 2003.

www.infomakers.com



FOUNDED: 1997

CHAIRMAN: Hans Risberg

PRESIDENT: Klaus Gottwald

TOTAL INVESTED CAPITAL: MSEK 20

LEDSTIERNAN'S INVESTED CAPITAL: MSEK 19.7

LEDSTIERNAN'S EQUITY INTEREST: 49.9%

TURNOVER 2002: MSEK 14

NUMBER OF EMPLOYEES: 17

Mint

Mint develops and markets a system for mobile payments. Mint is divided into two business areas: Mint Market and Mint Technology.

The most popular service provided by Mint Market at present is the ability for users to pay parking fees on their mobile phones, which is convenient for them and lowers the car park operator's costs.

Mint's parking application is already in use in Sweden and usage of the service is growing by some 20 per cent a month.

Mint initiated joint ventures with several car park operators in Sweden during the year to

offer consumers a more convenient means of paying parking fees.

In 2003, a newly started US company will be launching a mobile parking payment solution based on the Mint platform in North America.

Mint Technology is working in collaboration with Svenska Spel to produce mobile gaming and betting applications. The product will be launched in 2003, after which Mint will concentrate on winning more customers amongst gaming companies in Europe.

www.mint.nu



FOUNDED: 1998

CHAIRMAN: Jacob Palmstierna

PRESIDENT: Patrik Mossberg

TOTAL INVESTED CAPITAL: MSEK 80

LEDSTIERNAN'S INVESTED CAPITAL: MSEK 45.3

LEDSTIERNAN'S EQUITY INTEREST: 33.1%

OTHER LARGE SHAREHOLDERS:

Skandia and Icelandic Software Fund

TURNOVER 2002: MSEK 9

NUMBER OF EMPLOYEES: 19

the PhonePages

The PhonePages has created a solution for making websites for mobile phones.

The company's solutions are based on a patented innovation that automatically links telephone numbers to an internet URL. The format of the internet address has been adapted to suit mobile phones, hence the name PhonePages (as opposed to "homepages"). Using this solution, a telephone call can include the exchange of images and digital information.

The company's customers include Omnitel

and Eniro, and it covers the operator segment together with Siemens and Ericsson.

The PhonePages set up an alliance with Eniro in Finland in 2002, the initial phases of which have proved successful with over 10,000 companies acquiring a phone page.

The PhonePages will benefit from the establishment of 3G mobile technology, as it will allow the company's technology to be used to the full.

www.thephonepages.com



FOUNDED: 2000
 CHAIRMAN: Hans Risberg
 PRESIDENT: Carina Dreifeldt
 TOTAL INVESTED CAPITAL: MSEK 56
 LEDSTIERNAN'S INVESTED CAPITAL: MSEK 28.3
 LEDSTIERNAN'S EQUITY INTEREST: 31.3%
 OTHER LARGE SHAREHOLDERS: Siemens Mobile Acceleration and Skanditek
 TURNOVER 2002: MSEK 5
 NUMBER OF EMPLOYEES: 11

Repeatit

Repeatit develops and markets solutions for operators of wireless broadband access to suburban households and small enterprises.

Repeatit delivers complete solutions for operators that enable them to offer cost-effective wireless connections to the Internet. The company's vision is a wireless access network for all homes and companies.

Repeatit's customers are broadband operators on local, regional and national levels, who demand products that can provide cost-effective,

high-performance wireless connectivity to the Internet all the way to the end-users. The lack of this is currently the greatest obstacle to the expansion of broadband in most countries.

In 2002 the company delivered products to a dozen or so regional operators in Sweden, mainly local power companies; most of these products are now in commercial operation. Expansion abroad will commence in the spring of 2003.

www.repeatit.se



FOUNDED: 1999
 CHAIRMAN: Per Lundberg
 PRESIDENT: Asbjörn Frydenlund
 TOTAL INVESTED CAPITAL: MSEK 40
 LEDSTIERNAN'S INVESTED CAPITAL: MSEK 18.5
 LEDSTIERNAN'S EQUITY INTEREST: 43.4%
 OTHER LARGE SHAREHOLDERS: Skandia
 TURNOVER 2002: MSEK 4.2
 NUMBER OF EMPLOYEES: 11

ShortLink

ShortLink develops concepts for shortrange radio communication with a focus on extremely low power consumption and high audio quality.

ShortLink has developed a proprietary concept for this named ShortLink, which is optimised for audio (voice and music) and the transmission of data at low to medium-high transmission speeds. In terms of functionality, the concept is similar to Bluetooth, but it has much lower power consumption than Bluetooth and provides CD-quality sound and greater functionality.

ShortLink also offers certain consultancy services. The company began as a consulting company, in which capacity it designed the electronics for numerous applications, such as head-

phones and hearing protectors, for a number of customers including Ericsson, 3M, GN Netcom and Sordin. Although the company will continue offering consulting services, its main focus will be on product development.

In 2002, the development of the company's intended volume product, ShortLink III, made good progress. Janåke Viklund, who has long experience from Ericsson and Eurodis, took over as the company's president.

The goal for 2003 is to complete the development of ShortLink III, which provides lower power consumption (1—2 mA) and greater communication distances (5—10m) than ShortLink II.

www.ehs.se



FOUNDED: 1995
 CHAIRMAN: Lars Backram
 PRESIDENT: Janåke Viklund
 TOTAL INVESTED CAPITAL: MSEK 10
 LEDSTIERNAN'S INVESTED CAPITAL: MSEK 3.1
 LEDSTIERNAN'S EQUITY INTEREST: 9.0%
 OTHER LARGE SHAREHOLDERS: Skandia
 TURNOVER 2002: MSEK 4.2
 NUMBER OF EMPLOYEES: 11

Grupo Rodania

Grupo Rodania is a Madrid-based venture capital company that invests in young technology companies.

The company is currently setting up a fund for investments in Spain with a particular focus on companies specialising in mobile telecommunication and wireless applications. The fund is

expected to be established in 2003. Two investments have been made, with which the company is now actively working.

www.gruporodania.com



FOUNDED: 2000

CHAIRMAN: Carlos Espinosa de los Monteros

PRESIDENT: Fredrik Groth

TOTAL INVESTED CAPITAL: MSEK 9.6

LEDSTIERNAN'S INVESTED CAPITAL: MSEK 9.6

LEDSTIERNAN'S EQUITY INTEREST: 49.0%

NUMBER OF EMPLOYEES: 2

Media companies

MMG Millennium Media Group

MMG is a media company specialising in the acquisition and distribution of film and TV rights and the development of digital TV concepts.

The company has four lines of business: NonStop Entertainment, which acquires and distributes film and TV rights; NonStop Television, which develops digital TV concepts; NonStop Sales, which sells Nordic film and TV rights; and NonStop Services, which is a part owner of PrimeText, a film subtitling company.

MMG operates mainly on the Nordic and

Baltic markets. As regards film and TV rights, the company has an agreement with Sandrew Metronome. MMG currently operates a TV channel, E!/Style, which has around one million paying subscribers. In 2002, the channel saw a dramatic increase in subscriber numbers, which enabled the company to cover its fixed costs. PrimeText was launched and a comprehensive agreement was signed with Canal Plus.

The goal for 2003 is to establish new channel concepts and to earn a profit.

www.millenniumgroup.se



FOUNDED: 1998

PRESIDENT: Carl Göran Andersson

TOTAL INVESTED CAPITAL: MSEK 45

LEDSTIERNAN'S INVESTED CAPITAL: MSEK 22.5

LEDSTIERNAN'S EQUITY INTEREST: 36.2%

OTHER LARGE SHAREHOLDERS:

T-Bolaget

TURNOVER 2002: MSEK 42 (approx)

NUMBER OF EMPLOYEES: 20

It's Alive

The company develops and markets games to telecom operators and television companies.

The games are role-play type activities in which the participants assume an identity and take part in adventures or dramas. The games involve a variety of media, such as the internet, e-mail, telephone and TV. Mobile phones play a key role as a communication tool, and positioning (the user's location) is of critical significance to the development of the action.

It's Alive ran its Botfighters game in 2002 with five operators, including Telia, Vodafone Ireland

and Sonic Duo, and is currently delivering a unique game concept to Hutchison. Its new Supafly game is now ready and discussions are being held with several operators on launching it in the first quarter of 2003.

It's Alive was formed in 2000 by entrepreneurs from the Stockholm School of Economics and the Royal Institute of Technology.

www.itsalive.com



FOUNDED: 1999

CHAIRMAN: Fredrik Linton

PRESIDENT: Sven Hålling

TOTAL INVESTED CAPITAL: MSEK 15

LEDSTIERNAN'S INVESTED CAPITAL: MSEK 8.6

LEDSTIERNAN'S EQUITY INTEREST: 30.4%

TURNOVER 2002: MSEK 3

NUMBER OF EMPLOYEES: 7

Service companies

CCNOX

CCNOX offers services in information security to Swedish export companies, public authorities and banks.

Demands on information security are increasing. To ensure that information is handled securely in an organisation, its employees require the necessary skills and procedures; simply buying the right equipment is not enough. CCNOX's services currently include helping com-

pany management to construct systems, the handling of security and security certification, and training and testing.

www.ccnox.com



FOUNDED: 2000
 CHAIRMAN: Håkan Kihlberg
 PRESIDENT: Emil Gullers
 TOTAL INVESTED CAPITAL: MSEK 10
 LEDSTIERNAN'S INVESTED CAPITAL: MSEK 8.8
 LEDSTIERNAN'S EQUITY INTEREST: 42.9%
 TURNOVER 2002: MSEK 10
 NUMBER OF EMPLOYEES: 13

Nordic Circle

Nordic Circle offers consultancy services in technical systems development through its wholly owned subsidiary Fyrplus and management services through its 45% owned associate company Nordic Spring Management.

Fyrplus, which is the largest business, is a consulting company with competence in systems development in radio and communications, critical real-time systems, simulators and embedded systems. The company delivers, for example, complete authentication (ID control) and electronic signature systems that meet the requirements of the American FDA (Food and Drug Administration). Nordic Spring Management supplies experts for management groups of companies undergoing change.

Fyrplus focuses on high-tech companies, mainly in the pharmaceutical, defence and telecom industries, with the largest sector being pharmaceuticals. The company has offices in Karlstad, Linköping and Stockholm.

In 2002, Fyrplus achieved further success with its authentication and electronic signature solutions, its main customer in these areas being AstraZeneca.

Its main goal for 2003 is to exploit its leading position in authentication and electronic signatures systems to increase its customer base in this segment.

www.nordiccircle.com



FOUNDED: 1999
 CHAIRMAN: Johan Wachtmeister
 PRESIDENT: Lennart Olsson
 TOTAL INVESTED CAPITAL: MSEK 80 (approx)
 LEDSTIERNAN'S INVESTED CAPITAL: MSEK 44.9
 LEDSTIERNAN'S EQUITY INTEREST: 31.5%
 OTHER LARGE SHAREHOLDERS:
 Zodiac Venture Capital
 TURNOVER 2002: MSEK 58
 NUMBER OF EMPLOYEES: 45

SourceByNet

SourceByNet offers a one-stop solution for all its customers procurement needs. This includes price negotiations, total quality assurance and tests, complaint administration etc, and gives the customers discount prices of up to 30%. The company is also able to offer transport logistics and a certain amount of product development.

SourceByNet purchases goods for its customers around the world through its network of purchasing offices located mainly in Asia. Since inception in September 2000, the company has grown rapidly into an international company with more than 50 employees at 12 offices in

as many countries.

In a short period of time, SourceByNet has managed to establish long-term relationships with large customers such as Jysk (Europe and Canada), Homebase Ltd (UK), Hemtex (Sweden), Silvan (Denmark), QEP (USA), Beaumont Titles (Australia), and Muji (Japan).

In 2002, the financing of the company was secured until it reaches a positive cash flow.

The expansion of the business in the USA is one of the company's most important goals for 2003.

www.sourcebynet.com



CHAIRMAN: Gösta Björkenstam
 PRESIDENT: Peter Fröman
 TOTAL INVESTED CAPITAL: MSEK 80
 LEDSTIERNAN'S INVESTED CAPITAL: MSEK 6.7
 LEDSTIERNAN'S EQUITY INTEREST: 12.5%
 OTHER LARGE SHAREHOLDERS:
 Sycamore, Icon, MVI
 TURNOVER 2002: MSEK 11 (net)
 NUMBER OF EMPLOYEES: 50

Report of the Directors

The Board and President of Ledstiernan AB (publ) herewith submit the following Annual Report for the financial year 2002.

Result

Investments in and sales of shares and other holdings in portfolio companies are the basis of Ledstiernan's business. Ledstiernan has now completed its fourth financial year, and as more of its companies develop and become ready for exits, capital gains are expected to become a significant item in the future. However, Ledstiernan's operating result will fluctuate, depending on the timing and manner of its exit from the portfolio companies.

Ledstiernan's result after financial net for the period was a loss of MSEK 130.1, which includes write-downs of MSEK 114.9 in the value of portfolio companies on account of a weak market and the fact that Ledstiernan considered the market value of some companies to be below their book value.

Liquidity and financial position

Ledstiernan has a strong financial position. Liquid funds, including short-term placements with durations of up to three months, amounted to MSEK 242 on 31 December 2002. There was no interest-bearing debt at the end of 2002. An interest-free convertible was issued in connection with the acquisition of Speed Ventures for a nominal amount of MSEK 17.9. This could be converted at the end of December 2002 at a conversion price of SEK 6 per share. As the market price of Ledstiernan's shares on 30 December 2002 was SEK 3.10 all the owners of convertibles opted to have the loan repaid, MSEK 8 of which had been disbursed by the year-end, while MSEK 10 was repaid in January 2003. The company's closing equity amounted to MSEK 583. The company's equity ratio at the end of the year was 96%.

Financial risks

Interest rate risk

Ledstiernan's liquid funds amounted to MSEK 242 on 31 December 2002, of which MSEK 225 consisted of investments in commercial paper paying a fixed interest rate and with durations of 1-3 months. In 2002 the interest rate received on placements of liquid assets was between 3.70% and 4.44%, depending on the amount and duration.

Counterparty risk

The company's liquid funds are placed solely in liquid assets with a low credit risk, mainly subordinated loans issued by banks and commercial paper with the highest credit rating.

Currency risk

Ledstiernan is not directly exposed to any currency risks. However, the valuation of the portfolio companies is in several cases indirectly affected by changes in exchange rates as transaction values are often denominated in Euro or US Dollars.

Valuation of portfolio companies

In those cases where external financing has been raised for a portfolio company, this provides a sound guide to its value. In the absence of external financing, other grounds for valuation must be used to determine what value to state in the accounts, in which case the highest permitted value is their acquisition value. The valuation of the portfolio companies is of great importance for Ledstiernan AB's stated result and financial position and in 2002 Ledstiernan developed the principles it applies when valuing its portfolio companies. These are described in more detail under Accounting principles on page 35.

Investments and divestments

In 2002, follow-up investments in existing portfolio companies amounted to MSEK 91 (190) and new investments made via the acquisition of Speed Ventures in 10 new companies amounted to MSEK 23.5. The number of existing investments at 31 December 2002 was thus 33 companies, and total investments of MSEK 576 have been made in these companies. At the end of the year Ledstiernan had made decisions on follow-up investments of MSEK 11 in the existing portfolio, which had not been disbursed by 31 December 2002. Over and above this the company has no commitments.

Companies from which Ledstiernan exited during the year owing to bankruptcies or liquidation are: Iquity Systems AB, Indycon AB (acquired via Speed Ventures), Insite AB (acquired via Speed Ventures), Roaminfo AB, Info Accelerator AB and Ticket Anywhere AB. Chinsay AB and Lifix (acquired via Speed Ventures) have been sold to their founders for symbolic amounts. The capital invested in these companies amounted to MSEK 43 and their book values had all been written down to zero.

Organisation

In view of the persistence of troubled market conditions in 2002, Ledstiernan opted to further reduce its administrative costs and trim the organisation. In 2002 the number of employees was reduced to nine, enough to run the existing business. The cost base will thus be further reduced in 2003 to a budgeted annual level of some MSEK 20. In 2002 administrative costs amounted to MSEK 24.

Existing incentive programmes

Ledstiernan's Board made a decision to introduce a bonus programme for the employees in 2001. The bonus programme is maximised each year to four times the annual payroll cost, and includes an accumulation effect in which years with losses are netted off against profitable years before any bonus accrues. The bonus is calculated as 10% of the net profit after deduction of a required return of 10% on equity. Any bonus accruing is paid out at a rate of one quarter of the annual payroll in March the following year and the remainder is paid out during the next two years. The distribution of the bonus is decided by Ledstiernan's compensation committee. No bonus based on this programme was either paid or earned during the year.

In June 2001, the original founders of Ledstiernan and Skandia issued a total of 995,000 call options to all employees. The options may be exercised in May 2004 at a price of SEK 20. Premiums at market rates were paid for the options. In 2000 1,150,000 warrants in Ledstiernan AB were issued to the Board and employees. Warrants within this programme may be exercised on 29 August 2003 at price of SEK 43.50 per share. Premiums at market rates were paid for these warrants.

Tax status

In 2001, Ledstiernan applied to be granted investment trust status for tax purposes. Ledstiernan's application has been rejected in two instances, most recently in the Supreme Administrative Court. However, a bill for a new company tax law is expected to be passed and come into effect on 1 July 2003. This will then obviate the need for investment trust status. In the bill it is proposed that capital gains on sales of unlisted shares that are owned as part of the business shall not be liable to taxation. By 31 December 2002 Ledstiernan had accumulated loss allowances of some MSEK 300.

Significant events after the end of the financial year

On 27 January 2003, an application was submitted to the Söderhamn County Court to have MGON, one of Ledstiernan's portfolio companies, placed in bankruptcy. The value of this company had been written down to zero in 2002.

Goyada AB (a portfolio company acquired via Speed Ventures) has been sold for MSEK 0.9, which gives the company a total value of MSEK 10. Ledstiernan had an interest on 9%.

Board and its procedures

For a listed venture capital company such as Ledstiernan AB, whose main focus area is mobile communication technology, experience, competence and international networks, above all in

IT, telecom and mobile communications, are of the greatest importance along with experience from company management and shareholder control. Ledstiernan's Board, which has six members and two deputy members who regularly attend meetings, possesses considerable accumulated experience in these areas. The membership of the Board, the Board members' past experience, main employment and other significant Board appointments, along with their shareholdings, are listed on page 11 in this Annual Report.

Ledstiernan's Board held twelve meetings during the year. Permanent items on the agenda are to review the progress of the portfolio companies and the Ledstiernan's liquidity position. During the year the Board regularly receives minutes of the investment committee's weekly meetings which describe all investment decisions. Investment decisions relating to companies in which Ledstiernan's total investment is estimated to exceed MSEK 30 are made by the Board. Each year, Ledstiernan adopts a policy document containing its investment policy, financial policy, and a set of procedures for the Board and the President. In addition, once a year the President submits a strategic plan for the coming year to the Board.

The Board has devoted considerable energy to question of portfolio valuation, as a result of which it has decided that Ledstiernan's investment committee shall discuss and systematically record the value of each individual company prior to finalisation of the quarterly accounts. The value of each company is discussed together with a representative of the Board and finally submitted to the Board for decision.

Discussions have been held concerning the creation of an Audit Committee. Following these discussions, the Board has decided not to set up such a committee but that the entire Board should play an active part in this process instead. In the future, the auditors will attend at least two meetings of the Board each year in order to inform the Board of their observations from their audit and to discuss and comment on valuations as well as their audit and the accounting in general.

Dividend policy

In January 2003 the Board adopted a new dividend policy for the company as follows: When Ledstiernan has divested all or part of its holding in a portfolio company for cash (or for shares that can then be sold for cash), at least 60% of the net cash capital gains on divestments/exits during the year (the sales proceeds less acquisition costs) shall be paid out by way of dividend. Companies that are wound up or go into liquidation are not regarded as divestments/exits.

The Board has decided to recommend to the Annual General Meeting that no dividend be paid for the 2002 financial year.

Prospects

Ledstiernan's portfolio companies have made useful progress in many ways during the year. It is estimated that a growing proportion of these companies will not need further injections of venture capital by Ledstiernan; consequently follow-up investments in portfolio companies will decline further in the coming years. The total follow-up investments required by the existing portfolio amount to less than MSEK 100. Ledstiernan has not yet made any divestments generating significant profits on account of the weak market conditions prevailing over the past couple of years. Nor does Ledstiernan expect to make any such divestments before the end of 2003 or 2004. Ledstiernan is prepared to wind up projects that are under-performing; indeed, this is a normal part of its activities.

We consider that Ledstiernan's financial and industrial networks are the leaders in the sector and that Ledstiernan currently has a strong financial position. This means that we, together with the portfolio companies' founders, can choose the right time to exit our portfolio companies or float them on the stock market.

Proposed treatment of unappropriated earnings.

At the disposal of the Annual General Meeting are:

Retained earnings,	SEK 165,493,430
Net loss for the year	SEK -130,057,624
TOTAL	SEK 35,435,806

The Board and President propose that the unappropriated earnings at the disposal of the Annual General Meeting be carried forward.

The Board will also propose to the Annual General Meeting that the share premium reserve be reduced by MSEK 498, and that this amount be transferred to retained earnings.

Further information regarding the company's result and financial position is provided in the following income statement and balance sheet, along with the notes and supplementary information.

Stockholm 17 February 2003

Jan Carlzon
Chairman

Lars Berg

Tomas Isaksson

Birgitta Klasén

Per Lundberg

Olof Stenhammar

Johan Wachtmeister
President

Our audit report was submitted on 21 February 2003.

Olof Cederberg
Authorised public accountant
Ernst & Young AB

Bertil Oppenheimer
Authorised public accountant
BDO Feinstein Revision AB

Income statement

SEK '000	Note	2002	2001
INCOME FROM/LOSS ON PORTFOLIO HOLDINGS			
Exit profits		690	1720
Exit losses		0	-4,064
Write-downs		-114,854	-160,000
TOTAL INCOME FROM/LOSS ON PORTFOLIO HOLDINGS		-114,164	-162,344
OTHER COSTS			
Administrative costs	1, 2, 3, 4, 5	-24,079	-52,935
Depreciation	8	-1,359	-846
OPERATING LOSS		-139,602	-216,125
Interest income and similar income statement items	6	9,555	18,747
Interest costs and similar income statement items		-10	-7
LOSS BEFORE TAX		-130,057	-197,385
Tax	7	0	0
NET LOSS FOR THE YEAR		-130,057	-197,385
Loss per share, SEK ¹⁾		-1.06 kr	-1.81 kr
Average no. of shares in issue		122,821,565	108,954,383
No. of shares in issue at year-end		136,834,031	108,954,383

¹⁾ According to the Swedish Financial Accounting Standards Council's Recommendation RR18, the effect of dilution shall be calculated if "Earnings per share" deteriorates. There is no dilution effect.

Balance sheet

SEK '000	Note	021231	011231
ASSETS			
FIXED ASSETS			
Tangible fixed assets			
Equipment	8	1,207	2,605
TOTAL TANGIBLE FIXED ASSETS		1,207	2,605
Financial fixed assets			
Interest in associate companies	9 10	286,403	252,954
Receivable from associate companies		38,382	22,918
Other long-term holdings of securities	11	32,719	81,615
Other long-term receivables		–	1,053
TOTAL FINANCIAL FIXED ASSETS		357,504	358,540
TOTAL FIXED ASSETS		358,711	361,145
CURRENT ASSETS			
Current receivables			
Receivable from associate companies		2,288	–
Other current receivables		2,621	959
Prepaid costs and accrued income	12	520	3,516
Total current receivables		5,429	4,475
Short-term placements			
Commercial papers		224,976	188,571
Cash and Bank		16,968	38,866
TOTAL CURRENT ASSETS		247,373	231,912
TOTAL ASSETS		606,084	593,057

Balance sheet

SEK '000	Note	021231	011231
EQUITY AND LIABILITIES			
EQUITY			
13			
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
CURRENT LIABILITIES			
Liabilities to suppliers		1,389	1,282
Liabilities to associate companies		4,435	334
Other current liabilities		13,114	1,289
Accrued costs	14	3,835	9,212
TOTAL CURRENT LIABILITIES		22,773	12,117
TOTAL EQUITY AND LIABILITIES		606,084	593,057
MEMORANDUM ITEMS			
Pledged collateral		-	-
Contingent liabilities			
Committed follow-up investments	15	6,583	15,000

Cash flow analysis

SEK '000	Note	2002	2001
CURRENT OPERATIONS			
Loss after net financial items		-130,057	-197,385
Adjustment for items not included in cash flow	16	117,108	167,815
Cash flow from current operations before change in working capital		-12,949	-29,570
Cash flow from change in working capital			
Change in current receivables		-954	11,240
Change in current liabilities		-10,512	-4,017
CASH FLOW FROM CURRENT OPERATIONS		-24,415	-22,347
INVESTMENT ACTIVITIES			
Acquisition of tangible fixed assets		-54	-1,085
Sales of tangible fixed assets		81	-
Acquisition of associate companies		-87,217	-180,795
Acquisition of other shares and capital interests		-	-35,652
Sales of associate companies		196	6,720
Sales of other shares and capital interests		-	232
CASH FLOW FROM INVESTMENT ACTIVITIES		-86,994	-210,580
FINANCING ACTIVITIES			
Amortisation of loans		-7,698	
Share issue	17	133,614	0
CASH FLOW FROM FINANCING ACTIVITIES		125,916	0
CASH FLOW FOR THE YEAR		14,507	-232,927
Opening liquid funds		227,437	460,364
CLOSING LIQUID FUNDS		241,944	227,437

Accounting principles

Accounting and valuation principles

Ledstiernan's accounts are made up in accordance with the Swedish Financial Accounting Standards Council's recommendations and generally accepted accounting practice in Sweden.

Short-term placements

Placements of liquid funds in securities are stated as short-term placements in the balance sheet. Short-term fixed-income placements are valued at acquisition value including accrued interest at the closing date. Balances on bank accounts and fixed-income placements with durations of three months or less are included in liquid funds in the cash flow analysis.

Fixed assets

Shares and other holdings of securities

The object of Ledstiernan's investments in portfolio companies is that they should be owned during a development phase, after which the value should be realised. Investments in portfolio companies are stated at acquisition value after deductions for write-downs in those cases where it is considered that the value cannot be recovered, in compliance with the Swedish Financial Accounting Standards Council's recommendation No. 17 Write-downs.

When the accounts are being finalised, an assessment is made of each company to determine whether its value is above or below its acquisition value. If it is above, no change is made to the book value; if it is below, the book value is written down to the estimated value. Should the value of a company whose value has previously been written down be valued at a higher value than its book value on account, for example, of the provision of external financing or a significant commercial breakthrough, and this new value can be expected to persist, earlier write-downs are reversed to a maximum book value equal to the acquisition value.

As Ledstiernan's portfolio consists of unlisted companies that are still at a relatively early phase of their development, Ledstiernan has decided to use the following method for determining their value.

- If external finance has recently been provided, the company is valued at Ledstiernan's equity interest in relation to this valuation. However, account is taken over events of a decisive character in the company's development phase since the valuation date.
- In the case of companies whose business and size is comparable to that of listed companies, a comparative valuation is made with these.
- In the case of companies with a historic cash flow, and where the cash flow can be estimated for the coming 3-5 years, the discounted cash flow model is used.
- In the case of companies that have not received external financing and where the discounted cash flow model cannot be applied, a comparative valuation is made, in which the comparison is made

with companies in a similar line of business that are at a similar development phase, and where external financing has been provided/valuations made, or there are other indicators that can reflect a relevant market value.

The need for write-downs is assessed individually for each company. Write-downs are not specified at company level since it is believed that such information could seriously harm the interests of the company in question. Information on the equity and results of associate companies is not provided as their accounts for 2002 have not been published, and the figures for 2001 are of marginal significance in providing a true and fair picture.

In those cases where Ledstiernan controls 20% or more of the votes, the holding is stated under "Interests in associate companies".

In those cases where Ledstiernan controls less than 20 per cent of the votes, the holding is stated as "Other long-term holdings of securities" in the balance sheet.

Convertibles and other receivables from portfolio companies are stated as "Receivable from associate companies" and "Other long-term receivables". Capital gains/losses on divestments and write-downs are stated in the operating result as "Income from portfolio holdings".

The acquisition of Speed Ventures is stated as an acquisition of portfolio companies and liquid funds as no business was acquired and Speed Ventures N.V. and its subsidiary companies have been sold.

In 2002, services were delivered to portfolio companies, which were invoiced at cost price. The deterioration this causes in each company's financial position was, on the other hand, offset by shareholder's contributions from Ledstiernan. The amounts are stated net under Administrative costs and have not affected the acquisition value.

Receivables in foreign currencies

Receivables denominated in foreign currencies are valued at closing date rates.

Depreciation principles for tangible fixed assets

Depreciation is provided according to plan on the basis of estimated economic lives of three years in the case of computers and five years for other equipment.

Options

In those cases where Ledstiernan has issued call options on its own holdings in portfolio companies, the premiums received are stated as a liability until the option is exercised or has expired.

Taxes

The losses incurred for 2002 and earlier years are not given a value in the balance sheet, in view of the results stated for the past three years.

Notes

Amounts in SEK '000

NOTE 1 AVERAGE NO. OF EMPLOYEES

	2002		2001	
	No. of employees	of which male	No. of employees	of which male
Sweden	11	7	14	8
England	0	0	2	1
Finland	0	0	1	1
TOTAL	11	7	17	10

NOTE 2 WAGES, SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY CHARGES

	Sweden		England		Finland		TOTAL	
	2002	2001 ⁾	2002	2001 ⁾	2002	2001 ⁾	2002	2001 ⁾
WAGES, SALARIES AND OTHER REMUNERATION								
Board and President	2,833	3,693	0	0	0	0	2,833	3,693
Other senior management personnel	6,929	6,162	0	3,941	0	3,672	6,929	13,775
Other employees	982	4,920	0	239	0	0	982	5,159
TOTAL	10,744	14,775	0	4,180	0	3,672	10,744	22,627
PENSION COSTS								
Board and President	220	220	0	0	0	0	220	220
Other senior management personnel	907	911	0	0	0	19	907	930
Other employees	61	296	0	0	0	0	61	296
TOTAL	1,188	1,427	0	0	0	19	1,188	1,446
STATUTORY AND CONTRACTUAL SOCIAL SECURITY CHARGES								
	3,780	4,899	0	242	0	957	3,780	6,098
TOTAL WAGES, SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY CHARGES								
	15,712	21,101	0	4,422	0	4,648	15,712	30,171

⁾ Ledstierman's offices in London and Helsinki were closed during the year. Discontinuation costs in respect of the personnel at these offices and at the head office were taken against the result for 2001 (SEK 4,222,000).

DEFINITIONS

Top management consists of the chairman and the president. Other senior management personnel during the past financial year were the finance director and six investment managers, who together with the president make up the Investment Committee. In 2001, it also included the managers of the offices in Finland and England.

DECISION-MAKING PROCESS RELATING TO COMPENSATION FOR THE COMPANY'S TOP MANAGEMENT AND OTHER SENIOR MANAGEMENT PERSONNEL

Fees are paid to the chairman and other board members in accordance with decisions of the AGM. The President's compensation for the 2002 financial year was decided by the Board on the basis of the Chairman's recommendation. Compensation to other senior management personnel is decided upon by the President in consultation with the Chairman.

COMPENSATION AND OTHER BENEFITS OF THE COMPANY'S TOP MANAGEMENT

During the financial year fees of SEK 950,000 (1,900,000) were paid to the Board, of which SEK 175,000 (450,000) to the Chairman. A sum of SEK 1,883,000 (1,793,000) was paid in salary and other benefits to the President during the year.

BONUS PROGRAMME

Ledstierman's Board has decided to introduce a bonus programme for the employees, including the President. The bonus is calculated as 10% of the profit over and above a return of 10% on equity and with an accumulative effect, whereby years of loss are netted off against years of profit. The maximum bonus payable is four times the annual salary cost. The allocation of bonuses is decided upon by the company's Compensation Committee. No bonuses based on this programme were paid or earned for the 2002 financial year.

OPTION PROGRAMME

Option programme for non-executive members of the Board and key executives

On 15 August 2000 an Extraordinary General Meeting resolved in favour of introducing an option programme for the Board and employees. Consequently, 1,150,000 options were subscribed to, entitling the holder to subscribe to the same number of Series "B" shares between 1 August 2003 and 29 August 2003 at a subscription price of SEK 43.50. In the event of full exercise of subscription rights, the number of shares will be increased by 0.8 per cent.

Call options on shares in Ledstierman's portfolio companies

The same AGM also made a decision to issue call options corresponding to 5% of Ledstierman's holdings of investments in portfolio companies, as of that date to Ledstierman's founders (formerly known as Founding Partners) to provide them with incentives. It was decided in August 2001 to cancel this programme, and it has been replaced with individual

agreements for the founders up to a maximum amount of SEK 700,000 for the total contribution of all the founders. Before the programme was cancelled, options had been issued on shares in Ambio Tech, ccnox, North Node, Ticket Anywhere, Verkytshuset and Voice Provider. Ticket Anywhere was wound up during the year and the options on shares in this company have consequently been recalled.

Employee stock option programme

Skandia and the founders have together issued 995,000 options to all of Ledstierman's employees, entitling them to acquire the same number of Series "B" shares in Ledstierman. The options run for three years and may be exercised in May 2004 at a subscription price of SEK 20.

A market premium has been paid for all the options referred to above.

	Warrants Board and senior personnel			Call options personnel		
	Number	Value	Purchase price	Number	Value	Purchase price
Chairman	-	-	-	-	-	-
Other members of the Board	400,000	0	1,640,000	-	-	-
President	-	-	-	-	-	-
Other senior management personnel	250,000	0	1,025,000	500,000	0	170,000
	650,000	0	2,665,000	500,000	0	170,000

PENSIONS

Pension premiums amounting to SEK 220,000 (220,000) were paid during the year on behalf of the President. The President's pension is based on premium payments. The pension-earning salary is the basic salary. The retirement age for the President is 65.

Pension premiums amounting to SEK 907,000 (930,000) were paid on behalf of other senior management personnel. These pensions are based on premiums. The pension-earning salary is the basic salary. The retirement age of other senior management personnel is 65. The pension costs on behalf of the President and other senior management personnel during the financial year represented 10.9% and 13.2% respectively of the total pension-earning compensation.

SEVERANCE COMPENSATION

The company and the President are each entitled to a period of notice of six months. In the event of notice being given by the company severance pay corresponding to twelve months salary is paid. No severance compensation is paid if notice is given by the President.

Other senior management personnel have mutual periods of notice of six months. Moreover, one member of the senior management personnel has severance compensation corresponding to twelve months salary in the event of notice being given by the company. No severance compensation is paid if this employee gives notice. Otherwise no severance compensation is paid.

NOTE 3 ADMINISTRATIVE COSTS**COST OF PREMISES**

Ledstiernan AB rents premises from outside parties. The cost for 2002 amounted to SEK 1,349,000 (4,164,000). Rent in coming years in accordance with contracts in effect at 31 December 2002 will amount to:

Year	Amount SEK
2003	983
2004	965
2005	1,015
2006	257

Over and above the rental contracts for premises there are no other rental contracts.

SERVICES FOR PORTFOLIO COMPANIES

In 2002 services provided by investment managers for individual portfolio companies were invoiced as consulting fees at a rate that can be regarded as self-cost price. A sum of SEK 7,900,000 was invoiced in this way as fees, excluding VAT. On the other hand, the weak financial position of the portfolio companies was offset by Ledstiernan paying shareholder contributions totalling SEK 7,910,000. The amounts are stated net under administrative costs.

NOTE 4 COMPENSATION TO AUDITORS

	2002	2001
BDO FEINSTEIN REVISION AB		
Audit fees	181	190
Other contracts	89	73
ERNST & YOUNG AB		
Audit fees	278	204
Other contracts	463	693
TOTAL	1,011	1,160

By audit fees is meant fees for examining the annual report and accounting records and the administration by the Board and President, other tasks that are the responsibility of the company's auditors and the provision of advisory services and other support arising out of the observations made in such examinations or the performance of such tasks. All other activities are defined as other contracts.

NOTE 5 INFORMATION CONCERNING TRANSACTIONS WITH CLOSE ASSOCIATES

In its capacity as a venture capital company Ledstiernan is involved in actively developing and financing the companies in which it has invested. Ledstiernan receives various types of compensation from the portfolio companies. The financing of the portfolio companies is shown in the balance sheet. During the year, Ledstiernan has estimated the total interest on loan receivables from the portfolio companies at SEK 1,672,000, of which SEK 301,000 has been stated as income and the rest has been transferred to reserve. Ledstiernan has also invoiced the portfolio companies for SEK 7,900,000 for services provided. In the income statement, this amount has been stated net against a shareholder's contribution paid by Ledstiernan to the companies (see Note 3).

Following the acquisition of Speed Ventures Group in 2002, Ledstiernan AB took over all its portfolio companies and liquid funds. After its assets had been transferred to Ledstiernan AB, Speed Ventures Group consisted of subsidiary companies in process of liquidation and having a value of MSEK 1.6, and a financial claim on Ledstiernan. As a purely administrative transaction and in order to simplify the process the Speed Venture Group was sold to Ledstiernan Partners AB at its book value, and after netting off the buyer's claim on Ledstiernan, Ledstiernan has a receivable of MSEK 3. Jan Carlzon, Per Lundberg and Olof Stenhammar, all members of Ledstiernan's Board, own 33.3% of Ledstiernan Partners AB.

All the acquired companies will be placed in liquidation in 2003 or as soon as can be arranged, and any surplus or deficit will accrue to Ledstiernan AB.

The compensation paid to the Board and President is dealt with in Note 2.

NOTE 6 INTEREST INCOME AND SIMILAR ITEMS

	2002	2001
Interest income	9,512	15,657
Discounting of loans on redemption	–	3,000
Other	43	90
TOTAL	9,555	18,747

NOTE 7 TAX

The difference between the company's tax charge and the tax charge based on the standard tax rate consists of the following components:

	2002	2001
Stated profit/loss before tax	–130,057	–197,385
Tax at standard tax rate, 28%	36,416	55,268
Tax effect of non-deductible items:		
Other non-deductible costs	–3,227	–44
Losses for which accrued tax receivable is not calculated	–33,189	–55,224
STATED TAX CHARGE	0	0
Unutilised loss allowances MSEK	300	255
Write down in value of portfolio companies where taxable deductions have not been received MSEK ¹⁾	218	160
TOTAL UNUTILISED LOSS ALLOWANCES MSEK	518	415

In view of the losses incurred in the past three years, no tax receivable has been stated in respect of the above loss allowances and other future items deductible for purpose of taxation. There is no time limit on the above deductions. However, MSEK 97 of the above deficit cannot be used until tax year 2008 on account of the fusion cut-off point that came into effect in connection with the merger of Ledstiernan Fund No 1 AB and Ledstiernan Investment AB into Ledstiernan AB, which was registered with the Patent & Registration Office in January 2001. As the report of the directors explains, Ledstiernan's application for investment trust status was rejected. The new company taxation law, which is expected to come into effect in July 2003, will however obviate the need for investment tax status since it is proposed that capital gains on divestments of unlisted shares by way of business be exempted from a taxation liability.

¹⁾ MSEK 218 relates to write-downs in the book value of the portfolio and thus to as yet unrealised losses. Of the total accumulated write-downs of MSEK 395, MSEK 177 had been realised by 31 December 2002.

NOTE 8 TANGIBLE FIXED ASSETS

	2002	2001
Equipment		
Opening acquisition value	3,643	2,552
Purchases	99	1,091
Sales/retirements	–1,281	–
Closing accumulated acquisition value	2,461	3,643
Opening depreciation	–1,038	–192
Sales/retirements	684	–
Depreciation during the year	–900	–846
Closing accumulated depreciation	–1,254	1,038
Closing residual value according to plan	1,207	2,605

The depreciation amounts shown in the income statement include losses of SEK 459,000 (0) on the sale/retirement of machinery and equipment during the year.

Depreciation on the acquisition value of fixed assets is provided according to plan and based on the estimated economic lives of the assets in question.

Type of asset	Economic life years
Computer equipment	3
Vehicles	5
Other equipment	5

NOTE 9 FINANCIAL FIXED ASSETS

	Interests in associate companies		Receivable from associate companies		Other long-term holdings of securities		Other long-term receivables		TOTAL	
	021231	011231	021231	011231	021231	011231	021231	011231	021231	011231
Opening acquisition value	330,273	281,825	32,190	32,790	138,678	129,242	2,321	7,948	503,462	451,805
Acquisitions	78,848	147,585	22,482	34,416	26,234	19,658	–	–5,627	127,564	196,032
Reclassifications	30,283	–5,071	1,052	–	–30,283	5,071	–1,052	–	–	–
Sales	–25,887	–51,103	–	–	–1,486	–293	–	–	–27,373	–51,396
Wound-up companies	–7,330	–42,963	–2,340	–35,016	–17,138	–15,000	–1,269	–	–28,077	–92,979
Closing accumulated acquisition value	406,187	330,273	53,384	32,190	116,005	138,678	0	2,321	575,576	503,462
Opening write-downs	–77,319	–61,989	–9,272	–7,772	–57,063	–48,971	–1,268	–1,268	–144,922	–120,000
Reclassifications	–9,052	–	7,272	–	1,779	–	–	–	–	–
Write-downs during the year	–63,732	–103,165	–14,540	–33,743	–37,263	–23,092	–	–	–115,535	–160,000
Write-downs during the year on account of winding-up of companies	30,319	87,835	1,538	32,243	9,261	15,000	1,268	–	42,385	135,078
Closing accumulated write-downs	–119,784	–77,319	–15,002	–9,272	–83,286	–57,063	–	–1,268	–218,072	–144,922
BOOK VALUE	286,403	252,954	38,382	22,918	32,719	81,615	0	1,053	357,504	358,540

NOTE 10 INTERESTS IN ASSOCIATE COMPANIES

Company	Co. reg. no.	Registered office	% of capital/ votes	Number of shares	Acquisition value
Ambio Tech i Sverige AB	1) 556585-8148	Boden	49.98%	99,933	6,999
ccNOX Security Management & Technology AB	1) 556594-9061	Stockholm	42.94%	77,284	8,801
Ekonomiz4	556579-1141	Stockholm	24.60%	3,858,974	13,359
Emic Networks Oy	796636	Oulu	36.56%	230,500	0
Grupo Rodania	82 72 97 99	Madrid	49.00%	3,075	7,650
Hotsip AB	556581-0396	Stockholm	25.26%	1,800,221	20,624
Incomit AB	556583-7548	Karlstad	39.82%	1,551,032	50,037
Infomakers Sweden AB	556498-6338	Stockholm	49.90%	374,951	12,708
Interactive People Unplugged AB	556581-8019	Stockholm	42.60%	14,137,851	72,351
It's Alive Mobile Games AB	556585-9278	Stockholm	30.36%	4,358,970	6,015
MGO International AB	556435-6094	Söderhamn	47.01%	887	18,000
Mint AB	556582-9644	Stockholm	33.05%	101,869	45,280
Millenium Media Group AB	556560-9848	Stockholm	36.20%	46,881	21,788
Nordic Circle AB	556574-2391	Karlstad	31.49%	10,953,167	41,399
North Node AB	1) 556578-7008	Stockholm	44.55%	618,806	19,381
Repeatit AB	556572-5800	Stockholm	43.40%	11,400	15,846
Start and Run AB	556566-5881	Stockholm	38.46%	377,523	7,500
the PhonePages of Sweden AB	556583-5997	Göteborg	31.30%	724,140	28,333
Verkttygshuset i Sverige AB	1) 556588-8517	Stockholm	33.30%	40,000	4,000
Voice Provider Sweden AB	1) 556598-3276	Stockholm	21.32%	37,223	6,116
TOTAL ACQUISITION VALUE					406,187
Write-downs					–119,784
TOTAL BOOK VALUE					286,403

1) As an incentive Ledstiernan has issued call option on 5% of its total holding to the founders of Ledstiernan.

As explained in the note Ledstiernan AB has omitted information concerning write-downs in the value of individual companies and the equity and results of the companies. Its view is that information on write-downs could seriously damage the interests of the companies in question. Information concerning the companies' equity and results has not been provided as the accounts for 2002 have not been published and the figures for 2001 are of little importance for providing a true and fair picture.

NOTE 11 OTHER LONG-TERM HOLDINGS OF SECURITIES

Company	Co. reg. no.	Registered office	% of capital/ votes	No. of shares	Acquisition value
Columbitech AB	556591-1699	Stockholm	18.03%	484,680	16,630
Codefactory AB	556582-8356	Umeå	5.13%	557,500	0
ShortLink AB	556526-1046	Säffle	8.96%	129	3,129
SourceByNet Pte Ltd	200001588R	Singapore	12.50%	900,000	6,710
FM Fondmarknaden AB	556559-0634	Stockholm	19.64 / 5.41%	71,642	20,004
EuroFlorist AB	556391-9181	Skanör	3.97%	253	11,920
GoPro Landsteinar Group	580293 2399	Reykjavik	4.30%	15,773,627	25,217
Goyada AB	556523-3904	Stockholm	8.79%	11,952,146	0
Kamera Interactive AB	556574-8299	Stockholm	8.50%	22,419,774	8,547
Spreadskill AB	556575-4412	Umeå	16.61%	318,250	0
TenFour Sweden AB	556435-2952	Stockholm	3.80%	68,171	7,432
Travel Intelligence Group A/S	252303	Köpenhamn	2.05%	184,546	14,840
AB VS Market	556569-5979	Stockholm	4.58%	611,190	1,576
TOTAL ACQUISITION VALUE					116,005
Write-downs					–83,286
TOTAL BOOK VALUE					32,719

NOTE 12 PREPAID COSTS AND ACCRUED INCOME

	2002	2001
Prepaid rent	186	764
Accrued interest income	0	1,996
Other items	334	756
TOTAL	520	3,516

NOTE 17 SHARE ISSUE AND ITEMS NOT AFFECTING CASH FLOW DIRECT

The liquid funds transferred to Ledstiernan in connection with the acquisition of Speed Ventures are stated as a share issue. In connection with the acquisition of Speed Ventures portfolio companies valued at SEK 23,526,000 were taken over, in connection with which a debenture loan of SEK 17,878,000 was issued and liabilities assumed. The acquisition of portfolio companies and the increase in liabilities do not have a direct effect on the cash flow.

NOTE 13 CHANGE IN EQUITY

The share capital is divided into 136,834,031 Series "B" shares, each having a par value of SEK 0.30.

	Share capital	Share premium reserve	Retained earnings	Net profit/loss for the year	TOTAL
Opening balance	32,686	382,760	362,879	-197,385	580,940
Treatment of earnings			-197,385	197,385	0
Share issue	8,364	124,064			132,428
Net profit/loss for the year				-130,057	-130,057
CLOSING BALANCE	41,050	506,824	165,494	-130,057	583,311

In the event that all warrants are converted into shares a maximum of 1,150,000 shares could be issued.

NOTE 14 ACCRUED COSTS

	2002	2001
Accrued holiday pay	549	523
Accrued social security charges	802	497
Accrued Board fees	-	1,100
Winding-up costs	602	4,801
Other items	1,882	2,291
TOTAL	3,835	9,212

NOTE 18 CLOSING LIQUID FUNDS

	2002	2001
Cash and bank	16,968	38,866
Short-term placements	224,976	188,571
CLOSING LIQUID FUNDS	241,944	227,437

Closing short-term placements consisted of commercial papers with durations of up to three months.

NOTE 15 CONTINGENT LIABILITIES

Ledstiernan has undertaken to carry out follow-up investments for SEK 6,583,000 (15,000,000) in 2003 in two (8) of the portfolio companies, provided that these companies satisfy certain conditions.

NOTE 16 ADJUSTMENT FOR ITEMS NOT INCLUDED IN CASH FLOW

	2002	2001
Write-downs	115,749	160,000
Depreciation: equipment	1,359	840
Capital gains/losses on interests in portfolio companies	-	2,344
Other	-	4,631
TOTAL	117,108	167,815

Interest received during the period amounted to SEK 10,962,000 (13,661,000). During the period interest paid amounted to SEK 10,000 (7,000). The interest is attributable to current operations.

Audit report

To the Annual General Meeting of Ledstiernan AB (publ)
Co. reg. no. 556122-2158

We have examined the annual report, the accounting records and the administration by the Board and the President of Ledstiernan AB (publ) for the 2002 financial year. The Board and the President have responsibility for the accounting records and the administration. Our responsibility is to express our opinion on the annual report and the administration on the basis of our audit.

Our audit has been carried out in accordance with generally accepted auditing standards in Sweden. This means that we have planned and carried out the audit in order to assure ourselves to a reasonable extent that the annual report is free from material error. An audit involves examining a selection of the information in the accounting records for amounts and other factual information. An audit also includes testing the accounting principles and their application by the Board and the President as well as assessing the totality of the information in the annual report. As a basis for our statement on discharging the Board and President from liability, we have examined significant decisions, measures and conditions in the company in order to determine whether any member of the Board or the President is liable to pay compensation to the company. We have also examined whether any member of the Board or the President has acted in any other way in contravention of the Swedish Companies Act, the Annual Accounts Act or the company's articles. We consider that our audit gives us reasonable grounds for our comments below.

The annual report is made up in accordance with the Annual Accounts Act and therefore provides a true and fair picture of the result and financial position of the company in accordance with generally accepted accounting standards in Sweden.

We recommend that the income statement and the balance sheet be adopted, that the unappropriated earnings be dealt with in accordance with the proposal in the report of the directors and that the members of the Board and the President be discharged from liability for the financial year.

Stockholm, 21 February 2003

Olof Cederberg
Authorised Public Accountant

Bertil Oppenheimer
Authorised Public Accountant

Glossary

3G

(Third Generation Mobile Telecommunications)

Third generation mobile telecommunication systems that can handle speech, data and multimedia communication.

ASP

(Application Service Provider)

Network based service for leasing/renting of software over the Internet.

Bluetooth

Radio-wave technology for encrypted transmission over short distances that provides wireless communication between different units such as mobile telephones, computers and printers.

CDMA

(Code Division Multiple Access)

A technique for digital transmission of radio signals between a mobile telephone and a radio base system, for instance.

CRM

(Customer Relationship Management)

Systematic management of customer relations.

Exit/Divestment

Flotation or sale of a company to an industrial or financial buyer for cash or shares.

GPRS

(General Packet Radio Service)

A standard for packaging of data in GSM networks. Transmits data via mobile networks using the IP Internet protocol. With GPRS there is a permanent connection and users pay only for transmitted "packets" of data. It is also possible to accept telephone calls while the unit is connected to the network.

GPS

(Global Positioning System)

Worldwide, satellite-based positioning and navigation system with high precision. Used for navigation at sea and on land.

GSM

(Global System for Mobile Communications)

Digital system for mobile telephony. The most common standard used in Europe and much of Asia. GSM is also known as second generation (2G) network. Standard GSM does not provide the same support for data services as 2.5G and 3G networks.

IP

(Internet Protocol)

Communication protocol used by all units connected to the Internet.

ISP

(Internet Service Provider)

Internet services retailer.

LAN

(Local Area Network)

Locally connected networks of computers, printers and servers.

OEM agreement

An agreement entitling a company to buy in a product and sell it under its own name.

PDA

(Personal Digital Assistant)

Hand-held terminal for storing and processing data.

Protocol

Standardised format used for the communication or exchange of information between two communication units.

Roaming

Service in which users can use their mobile phone via another network operator outside the coverage area of the network to which the user subscribes.

UMTS

(Universal Mobile Telecommunication System)

Third generation standard for mobile telephony in Europe that will give users access to wireless Internet and can communicate speech, data and multimedia.

VPN

(Virtual Private Network)

A secure tunnel built inside the Internet that is protected against unauthorised access. A way of using the Internet as a private and secure distribution network.

WLAN

(Wireless Local Area Network)

A wireless local area network.

WAP

(Wireless Application Protocol)

A protocol for wireless communication that provides access to the Internet from a mobile telephone or other wireless units.

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