



LEDSTIERNAN

INTERIM REPORT ★ JANUARY-MARCH 2003

- ★ The result after financial net for the first quarter of 2003 was a loss of MSEK 15.1 (loss 4.5), of which write-downs in value accounted for MSEK 13.2.
- ★ Equity amounted to MSEK 568 (576). The equity ratio was 98 per cent.
- ★ Investments in the portfolio amounted to MSEK 19, all of them second phase investments.
- ★ Closing liquid funds amounted to MSEK 206, or SEK 1.51 per share.
- ★ Many of the portfolio companies are expected to reach profitability or cash flow breakeven in 2003.
- ★ International interest for investing in our portfolio companies remains high. Since the end of the period, Emic Networks has arranged financing from Aura Capital, a Finnish VC company.
- ★ Sustained focus on management and development of the main holdings to prepare them for exits.



Ledstiernan is building a leading Nordic venture capital company with a special focus on technology investments within the communication area. Ledstiernan's share is listed on Stockholmbörsen's O-list (LEDS).

LEDSTIERNAN'S BUSINESS

Ledstiernan is a venture capital company with its investment focus in IT and communication technology. The portfolio consists of 18 core holdings, primarily in mobile communication and wireless technology, together with a number of smaller holdings. The average equity interest is between 35 and 40 per cent. Ledstiernan is an active shareholder and proactively engaged in the development of these companies. The holdings are exited primarily by divestments to an industrial buyer or a stock market flotation.

FINANCIAL RESULTS

Ledstiernan's first quarter result after financial net was a loss of MSEK 15.1 (loss 4.5). Write-downs of MSEK 13.2 (0) in the value of Ledstiernan's portfolio were charged against the result. This brings the accumulated write-downs in the value of the portfolio to MSEK 194, as of March 31, 2003. This is a provision and not a realised loss. However, after the end of the period MSEK 9.5 was realised when CCNOX AB, one of the portfolio companies, was placed in bankruptcy on April 30, 2003.

Ledstiernan has further reduced its management costs, which are now running at some MSEK 20 per year. They amounted to MSEK 5.4 for the period owing to non-recurring costs.

LIQUIDITY AND FINANCIAL POSITION

As of March 31, 2003, Ledstiernan had cash reserves of MSEK 206, or SEK 1.51 per share. The company has no interest-bearing debt. The need for second phase investments in the existing portfolio is now estimated at less than MSEK 80. Ledstiernan's strategy for new investments is to focus primarily on the acquisition of companies that complement our core holdings.

PORTFOLIO DEVELOPMENTS

INVESTMENTS AND FOLLOW-ON INVESTMENTS

At the end of the period, Ledstiernan had 18 core holdings. In most case, Ledstiernan is the principal shareholder in these companies, and plays a very active role in their development.

Holdings of less than 10 per cent, or those in which Ledstiernan has a passive role, are stated as a separate group entitled "Other holdings". As of 2003, the companies in this group will not be described individually but only in summary as a group. Ledstiernan does not plan to make any further investments in these companies and will exit them in due order.

The total capital invested in the existing portfolio amounts to MSEK 562, or SEK 4.10 per share, of which MSEK 400 has been invested in the 18 core holdings.

Of the total accumulated write-downs of MSEK 194 in the value of the portfolio, MSEK 185 is provisions rather than realised losses. The total book value of the portfolio as of March 31, 2003 amounted to MSEK 367, or SEK 2.68 per share. First quarter investments in portfolio companies, all of which were second phase investments, amounted to MSEK 19. There were no new investments during the period.

Since the autumn of 2001 Ledstiernan, in connection with second phase investments and stock issues, has renegotiated most of its existing investments in portfolio companies into line with current market conditions, which means that Ledstiernan's potential equity interest in the form of convertibles and without the injection of new capital, could be higher than the figure shown in the table on page 6.

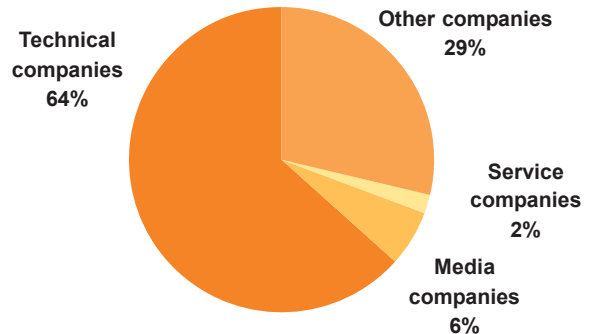
ACQUISITION VALUE OF PORTFOLIO COMPANIES MARCH 31, 2003

Acquisition value inclusive loans and convertibles

Technical companies	358 730	64%
Media companies	31 089	6%
Service companies	9 564	2%
Other companies	162 129	29%

Total acquisition value	561 512	100%
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BREAK DOWN OF ACQUISITION VALUE OF PORTFOLIO COMPANIES



Valuation of portfolio companies

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

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

- Where external financing has been recently arranged, the company is valued at Ledstiernan's equity interest in relation to this valuation. However, account is taken of significant events during the company's development phase since the date of the valuation.
- For companies the nature and size of whose business may be compared with listed companies, a comparison is made with the market capitalisation of such companies.
- For companies with a historic cash flow, and where the cash flow can be foreseen for the coming 3-5 years, a discounted cash flow method is used.

For companies for which there has been no external financing or a DCF model cannot be applied, a comparative valuation is made with companies having a similar business, that are at a similar phase of their development, and which have been valued externally or where there are other indicators that could reflect a relevant market valuation.

On average, Ledstiernan's portfolio companies are three years old, and they have all reached their commercialisation phase. The following events occurred during the first quarter.

COLUMBITECH has entered into an agreement with Hewlett-Packard Services (HP) covering the joint canvassing of the telematics market, primarily for vehicle telematics, by combining HP's expertise in the infrastructure, mobile solutions and systems integration with Columbitech Wireless VPN, which provides security solutions for data communication and improves the performance of wireless networks.



EMIC NETWORKS which launched its Enterprise Application Toolkit (EAC) for MySQL last year as well as signing a marketing and sales agreement with MySQL – has quickly built up a customer base on all continents. The company arranged financing of MSK 4.5 in April 2003 from Aura Capital, a Finnish VC company.



IPUNPLUGGED has announced a far-reaching OEM agreement with Japan's NEC that focuses on corporate customers and operators. NEC has recently launched the first joint product series and estimates the sales potential to be MJPY 1,000,000 (MSEK 700-750) for the coming three-year period. IpUnplugged has also signed a dealership agreement with Commworks that will focus on the operator market.



HOTSIP organised a major event in Stockholm in February involving 50 companies from 19 countries to test the inter-operability of the company's products. This event, whose sponsor included Cisco and Tele2, was a great success.



NORTH NODE has entered into a general agreement with the Karlstad municipality for deliveries to 1,000 apartments (with options on a further 1,000 over a two-year period). It has also signed a Nordic distribution agreement with IBM covering the energy market. The company's products can very well satisfy coming legislation on automatic meter reading for electricity consumers. Vattenfall has recently announced that it intends to invest no less than MSEK 600 in this area over the next few years. North Node's products can also measure the consumption of district heat, gas and water, as well as making possible other services such as alarms of various types.



EXITS IN FIRST QUARTER

During the first quarter, **GOYADA**, a portfolio company in which Ledstiernan had a 9 per cent interest, was sold for MSEK 0.9, which corresponds to a total market value of MSEK 10. As the value of the company was written down to SEK 0 when it was acquired from Speed, the divestment generated a capital gain.

VERKTYGSHUSET AB (33%) has been sold to Bygg- och Industrigross AB for SEK 233,000, and **VS MARKET** (1.4%) has been sold back to the founder for a symbolic sum corresponding to the latest issue valuation.

As previously announced, **MGON**, the gaming company, was placed in bankruptcy in January 2003. The value of the company had been written down to SEK 0 in the year-end accounts for 2002.

DEVELOPMENTS AND FUTURE PROSPECTS

Ledstiernan has a strong financial position with 18 core holdings with considerable development potential, most of which have achieved their commercial breakthrough. The technology/product companies have entered into important distribution agreements with the world's leading distributors. On a difficult VC market new investors have opted to invest specifically in Ledstiernan's companies. All in all this provides a sound platform for steady development towards phased exits.

The need for second phase investments in Ledstiernan's portfolio will decline further in the future. We estimate the need for the existing portfolio at less than MSEK 80.

Ledstiernan's portfolio companies are active in numerous underlying sectors, such as property, energy, finance, gaming etc. Consequently, Ledstiernan's portfolio is well diversified and has great potential. For example, it is not dependent on the early development of the 3G market.

Ledstiernan will further reduce its management costs in 2003, when it is estimated they will fall below MSEK 20. The slightly higher cost level during the first quarter was attributable to non-recurring costs, mainly those associated with the relocation to less expensive premises.

IMPORTANT EVENTS AFTER END OF PERIOD

Emic has arranged financing amounting to MSK 4.5 from Aura Capital, a Finnish VC company.

One portfolio company, **CCNOX AB**, has been placed in bankruptcy since the end of the period. The value of the company was written down by MSEK 7.5 during the first quarter.

OTHER

All members and deputy members of the Board were re-elected at the Annual General Meeting held on April 8, 2003. The AGM also resolved in favour of transferring MSEK 498 from restricted to non-restricted reserves. The company's articles were amended to the effect that only Series "B" shares may be issued. All existing shares in Ledstiernan are B-shares.

EMPLOYEES

The number of employees at the end of the period was 9 (11).

Stockholm May 7, 2002
LEDSTIERNAN AB (publ)

Johan Wachtmeister
President and CEO

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

Forthcoming reports

Half-year Report 2003

August 21, 2003

Nine-month report 2003

October 23, 2003

PORTFOLIO HOLDINGS AS OF MARCH 31, 2003

(SEK '000) Företag	Acquisition date	Present interest ²⁾	Acquisition- value shares	Convertible loan	Other loan	Total investments	External valuation transaction post-money ²⁾
Technical companies							
Ambio Tech ¹⁾	Sep-00	49.9%	12,999	5,100	2,001	20,100	
Columbitech	May-00	18.3%	16,630			16,630	13,725
Emic Networks ³⁾	June-02	36.6%	2	3,873	831	4,706	5,236 ⁴⁾
Grupo Rodania	Oct-00	49.0%	7,650		2,371	10,021	
Hotsip	June-02	23.9%	24,185			24,185	
Incomit	Aug-00	43.5%	58,035	5,000		63,035	
Infomakers	July-99	49.9%	12,708	7,000	3,450	23,158	
ipUnplugged	Jan-00	42.6%	72,351			72,351	70,651
Mint	May-00	33.1%	45,280			45,280	27,101
North Node ¹⁾	May-01	44.6%	19,381	3,416		22,797	
Repeatit	March-00	43.4%	15,846	2,685	350	18,881	
Shortlink	May-01	9.0%	3,129			3,129	
the Phone Pages	March-00	31.3%	28,341			28,341	20,345
Voice Provider ¹⁾	Nov-00	21.3%	6,116			6,116	
Sub-total Technical companies			322,653	27,074	9,003	358,730	
Media companies							
It's Alive	June-02	30.4%	6,015	2,587		8,602	
Millennium Media Group	Dec-99	36.2%	22,487			22,487	
Sub-total Media companies			28,502	2,587	0	31,089	
Service companies							
Fyrplus	Feb-03	38.9%	2,854			2,854	
Source by net	Jun-02	12.5%	6,710			6,710	8,715
Sub-total Service companies			9,564	0	0	9,564	
Other companies			159,019	1,500	1,610	162,129	
Acquisition value shares and loans			519,738	31,161	10,613	561,512	
Write-downs						-194,220	
Book value						367,292	

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

2) Exkluding convertible loans..

3) Anskaffningsvärde 0:- kronor i samband med Speed-förväret.

4) Financing after end of period.

INCOME STATEMENT

(SEK '000)	Quarter 1 2003	Quarter 1 2002	Year 2002
Income from/loss on portfolio holdings			
Exit profits	1,138	0	690
Exit losses	0	0	0
Write-downs	-13,228	0	-114,854
Total income from/loss on portfolio holdings	-12,090	0	-114,164
Other costs			
Administrative costs	-5,489	-6,272	-24,079
Depreciation	-250	-194	-1,359
Total other costs	-5,739	-6,466	-25,438
Operating LOSS	-17,829	-6,466	-139,602
Financial items	2,681	1,917	9,545
Loss before tax	-15,148	-4,549	-130,057
Tax	0	0	0
Net loss for the period	-15,148	-4,549	-130,057
	Shares thousands	Shares thousands	Shares thousands
Average number	136,834	108,954	122,822
At end of period	136,834	108,954	136,834
Loss per share, SEK ¹⁾	-0.11	-0.04	-1.06

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

BALANCE SHEET

(SEK '000)

Assets	2003-03-31	2002-03-31	2002-12-31
Tangible fixed assets	1,858	2,379	1,207
Financial fixed assets			
Participation in associated companies	1) 334,573	314,296	324,785
Other long-term holdings of securities	1) 32,719	56,605	32,719
Total financial fixed assets	367,292	370,901	357,504
Total fixed assets	369,150	373,280	358,711
Current assets			
Current receivables	5,270	4,057	5,429
Commercial papers	170,160	98,826	224,976
Cash and bank	36,197	109,279	16,968
Total current assets	211,627	212,162	247,373
Total assets	580,777	585,442	606,084
Equity and liabilities			
Equity	568,163	576,391	583,311
Current liabilities, not interest bearing	12,614	9,051	22,773
Total equity and liabilities	580,777	585,442	606,084
1) Includes shares and convertible loans			
Change equity	Quarter 1 2003	Quarter 1 2002	Year 2002
Opening balance	583,311	580,940	580,940
New share issue	-	-	132,428
Loss for the period	-15,148	-4,549	-130,057
Closing balance	568,163	576,391	583,311

CASH FLOW ANALYSIS

(SEK '000)

	Quarter 1 2003	Quarter 1 2002	Year 2002
Current operations			
Cash flow from current operations	-2,799	-4,923	-12,949
Cash flow change in working capital	-3,388	-1,713	-11,466
Cash flow from current operations	-6,187	-6,636	-24,415
Cash flow from investment activities	-19,266	-12,696	-86,994
Financing activities			
Amortisation of loans	-10,134	-	-7,698
Share issue	-	-	133,614
Cash flow from financing activities	-10,134	0	125,916
Cash flow for the period	-35,587	-19,332	14,507
Opening liquid funds	241,944	227,437	227,437
Closing liquid funds	206,357	208,105	241,944

FINANCIAL RATIOS

	2003-03-31	2002-03-31	2002-12-31
Equity, MSEK	568	576	583
Equity/share, MSEK	4.15	5.29	4.26
Equity ratio, %	98	98	96
Capital invested in existing portfolio, MSEK	562	505	576
Capital invested/share, SEK	4.10	4.63	4.21
Cash/share, SEK	1.51	1.91	1.69
Administrative costs/average equity% ¹⁾	4,1	7,0	4,2
Closing listed price, SEK	2.05	6.50	3.10
Market capitalisation, MSEK	281	708	424

1) Based on a current 12-months period

Accounting principles

The Interim Report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR 20, "Interim Reports". The accounting principles applied remain unchanged compared to the Annual Report 2002.

Warrants in issue have caused no dilution effect for any of the reported periods. In the event that all warrants are converted into shares a maximum of 1,150,000 shares could be issued.