



LEDSTIERNAN

- Net profit for the first quarter was MSEK 15,3 (2005: MSEK 2,6) equivalent to SEK 0,11 (SEK 0,02) per share.
- Equity at 31 March totalled MSEK 373 equivalent to SEK 2,61 per share. Equity/assets ratio was 96 per cent.
- Follow-up investments in the existing portfolio during the first quarter totalled MSEK 44 (MSEK 6), of which further investment in **Metrima** accounted for MSEK 40.
- Ledstiernan sold its shareholding in **Hotsip** to Oracle Corporation and its shareholding in **Interpeak** to Wind River Systems. These two disposals produced liquid funds totalling MSEK 47.
- Liquid assets at 31 March totalled MSEK 62 equivalent to SEK 0,44 per share.
- As a result of various problems experienced, **Metrima** replaced its board of directors and senior management with a view to sharpening the company's focus on its customers' requirements, and thus retaining and reinforcing the position it has won for itself on the expanding market for automated reading of electricity meters.
- **MMG's** subsidiary NonStop Television was awarded a further transmission permit for a film channel in the digital terrestrial network. The company also signed an exclusive cooperation agreement with the Swedish newspaper Expressen.
- **Daydream Software** acquired the whole of the issued share capital in an expanding Russian gaming site operator, Dreamland Poker and, following discussions with existing shareholders, made an offer for the whole of the issued share capital in 24hPoker that has been accepted by the majority of the shareholders in that company. In March **Daydream** completed a new share issue that raised a further MSEK 30 in capital.

Interim Report, January – March 2006

LEDSTIERNAN

JAN

FEB

MAR

APR

MAY

JUN

JUL

AUG

SEP

OCT

NOV

DEC

OPERATIONS

Ledstiernan is a venture capital company whose shares are quoted on the Stockholm Stock Exchange. In historical terms its focus has been on IT and communications technology, but in the future this will be widened to include investments outside the technology sector and in companies that have reached a more mature stage in their development. As Ledstiernan is not subject to the same restrictions in terms of investment focus as other venture capital funds, there is scope for seizing suitable opportunities for investment as and when they arise.

Ledstiernan's portfolio currently comprises nine major investments, primarily in companies specializing in mobile communications and wireless technology. On average, shareholdings represent some 30 per cent of the issued share capital of portfolio companies.

FINANCIAL DEVELOPMENTS

Results, liquidity and financial position

- Net profit for the first quarter of 2006 was MSEK 15,3 (2004: MSEK 2,6).
- As at 31 March the Company had liquid assets totalling MSEK 62 equivalent to SEK 0,44 per share.
- Net administrative costs for the first quarter totalled MSEK 3,2 (2004: MSEK 4,3). The number of employees as at 31 March was 5 (2004: 7).

Investments

As at 31 March 2006 investments totalled MSEK 44, of which MSEK 40 was attributable to follow-up investments in **Metrima** which, as a result of the increase in orders booked and delays in deliveries to customers, required a further capital injection. No investments in new portfolio companies were made during the quarter. As at 31 March the acquisition cost of existing investments in portfolio companies totalled MSEK 448, and their book value was MSEK 320 equivalent to SEK 2,24 per share.

Follow-up investment requirements

Requirements for follow-up investment in existing portfolio companies are low. However, this does not include new investments or capital requirements arising in connection with structural acquisitions by portfolio companies, or in cases where Ledstiernan decides to increase its holding in a portfolio company for strategic reasons. Ledstiernan will also be creating the conditions necessary for financing **Metrima's** continued expansion on its vibrant market.

EVENTS DURING THE FIRST QUARTER

- **Daydream Software – Development and production of games for mobile phones.** In January the company acquired the whole of the issued share capital in Dreamland Poker, a gaming website for the Russian market. In March the company opened negotiations with the existing shareholders of 24hPoker, following which holders of more than 50 per cent of the issued share capital in that company expressed their support for a sale to **Daydream**. A formal resolution as to the acquisition will be taken at

the company's Annual General Meeting on 18 May. If the acquisition goes ahead, **Daydream** will become one of the largest companies focusing on online gaming to be listed on the Stockholm Stock Exchange. In March the company completed a preferential issue of new shares that raised a further MSEK 30 in capital.

- **Hotsip – solutions for multimedia communication via IP telephony, video conferencing, Presence management etc.** Ledstiernan sold its holding in **Hotsip** to Oracle Corporation in February.
- **Interpeak – communications and security protocols for embedded systems.** Ledstiernan sold its holding in **Interpeak** to Wind River Systems in March.
- **MMG – acquisition and distribution of film and TV rights.** **MMG's** subsidiary NonStop Television was awarded a further transmission permit for a film channel in the digital terrestrial network in addition to its existing channels, *Star!* and *Showtime*. **MMG** also signed an exclusive cooperation agreement with the Swedish newspaper Expressen, under the terms of which *Star!* will supply entertainment content for the paper's interactive media.
- **Metrima – metering of energy supplies.** The tremendous expansion in the company's operations during 2005, and the fact that businesses acquired were not fully integrated, resulted in deliveries to certain of its customers not being of satisfactory quality. Consequently, early in 2006 its shareholders decided to replace **Metrima's** board of directors and senior management. The new board and management immediately implemented an extensive package of measures designed to ensure quality of deliveries and also enhance efficiency and marketing in all business areas. During 2006 **Metrima** will be focusing first and foremost on its existing operations, as a result of which discussions about structural changes will be postponed for the time being. The company's future prospects are good. In the space of only a short time **Metrima** has succeeded in establishing itself as the Swedish market leader in the field of AMR. The company is also a market leader in its other two business areas, District Heating and Housing. 2006 will see every effort being made to retain and reinforce this market position.

Write-downs

No write-downs were made during the period.

Divestments

Ledstiernan's sales during the period of its holdings in **Hotsip** and **Interpeak**, reported above, generated liquid funds totalling MSEK 47.

FUTURE PROSPECTS

Ledstiernan and its portfolio companies anticipate that 2006 will bring a further improvement in the increased commercial activity in those sectors in which they operate, the first signs of which could be seen during 2005. Industrial interest, inter alia reflected by the disposals made during the first quarter of the year to major international players Oracle Corporation and Wind River Systems, can also be expected to be shown in the case of other portfolio companies.

LEDSTIERNAN'S SHARES

Remium Securities is Ledstiernan's market maker. The market for Ledstiernan's shares is a steady one. During the first quarter shares were traded on all business days, with 43 000 000 shares changing hands for a total of MSEK 156, giving an average price of SEK 3,61. As at 31 March the share price was SEK 3,08 equivalent to a market value of MSEK 440.

ACCOUNTING PRINCIPLES

Ledstiernan is not a group of companies for the purposes of the International Financial Reporting Standards (IFRS), and will continue to apply the Swedish Financial Accounting Standards Council's recommendations.

This Interim Report has been drawn up in accordance with recommendation RR32 and IAS 34, taking into account the exceptions to IFRS/IAS additional requirements set out in RR32. In accordance with the interim provisions of RR32, with effect from 1 January 2006 certain financial instruments must be reported at actual value. In Ledstiernan's case, this means that holdings in portfolio companies in which Ledstiernan controls less than 20 per cent of the share capital and voting rights have been reported at actual value where this can be determined. Figures supplied for purposes of comparison have not been converted, as the change in reporting has not affected equity.

Ledstiernan's valuations of its holdings of unquoted shares have been reported in accordance with appropriate models based on the EVCA/BVCA/AFIC Consultation Document "Valuation Guidelines for Private Equity and Venture Capital".

In all other respects the accounting principles applied are the same as those applied in the preparation of the Annual Report for 2005.

ANNUAL GENERAL MEETING

Ledstiernan's Annual General Meeting will be held at 17.00 hrs on Tuesday 2 May 2006 in the Salén Building on Norrlandsgatan in Stockholm. The Nominations Committee will be submitting the names of the following for election as ordinary members of the Board of Directors:

Jan Carlzon, chairman	(re-election)
Leif Almstedt	(re-election)
Alf Blomqvist, President	(re-election)
Märtha Josefsson	(re-election)
Mats Lönnqvist	(election)
Hans Risberg	(election)

Per Lundberg is not standing for re-election.

Stockholm, 25 april 2006
The Board of Directors
Ledstiernan AB (publ)

This Interim Report has not been examined by the Company's auditors

Financials 2006

Interim report Jan-June: 23 August 2006
Interim report Jan-Sept: 31 October 2006
Publication of unaudited annual earnings figures for 2006: February 2007

For further information please contact:

Alf Blomqvist, President, +46 8 545 035 00
Britt-Marie Boije, Chief Financial Officer, +46 8 545 035 00

Ledstiernan AB (publ)
Grev Turegatan 18
SE-114 46 STOCKHOLM
Tel: +46 8 545 035 00, Fax: +46 8 545 035 35
Reg No 556122-2158
www.ledstiernan.se

Portfolio holdings at 31 march figures in SEK 000s

Company	Date of acquisition	Present shareholding ¹⁾	Shareholding acquisition cost	Convertible loans	Other loans	Total investment	Market value listed holdings
Columbitech AB	May-00	17,4%	18 630			18 630	
Continuent Inc, fd Emic	Jun-02	20,5%	12 917			12 917	
EasyPark ASA	May-05	27,9%	58 540			58 540	
ipUnplugged AB	Jan-00	38,8%	87 251			87 251	
Metrima AB	May-01	48,5%	68 285		51 900	120 185	
Millennium Media Group AB	Dec-99	36,2%	21 893		1 005	22 898	
Repeatit AB	Mar-00	45,9%	31 770		2 859	34 629	
the Phone Pages of Sweden AB	Mar-00	41,0%	30 726			30 726	
Voice Provider Sweden AB	Nov-00	23,8%	7 713			7 713	
Acquisition cost of principal holdings			337 725	0	55 764	393 489	
Daydream Software AB	Jun-02	6,1%	10 574		2 123	12 697	11 242
World Television Group Plc	May-00	0,3%	567			567	290
Acquisition cost of listed holdings			11 141	0	2 123	13 264	
Acquisition cost of other holdings			37 137	0	4 054	41 191	
			386 003	0	61 941	447 944	
Total acquisition cost						447 944	
Total write-downs						-128 585	
Adjustment in values of financial instruments (shareholdings not exceeding 20%)						667	
Book value						320 026	

¹⁾ Excluded convertible loans

Income statement figures in SEK 000s

	2006 Jan-Mar	2005 Jan-Mar	2005 Jan-Dec
INCOME FROM PORTFOLIO HOLDINGS			
Exit profits	17 492	4 348	10 028
Write-downs	0	0	-63 970
Reversals of write-downs	0	680	636
Adjustment in values of financial instruments	3 246	0	0
OTHER OPERATING INCOME	485	355	1 234
OPERATING COSTS			
Administrative costs	-3 590	-4 587	-25 538
Depreciation	-57	-83	-314
OPERATING PROFIT/LOSS	17 576	713	-77 924
Income/Expense from financial investments	-2 273	1 899	6 942
PROFIT/LOSS AFTER FINANCIAL ITEMS	15 303	2 612	-70 982
Tax	0	0	0
NET PROFIT/LOSS	15 303	2 612	-70 982
Average no of shares in issue	142 984 105	140 398 647	141 907 414
No of shares in issue at end of quarter/year	142 984 105	140 398 647	142 984 105
Profit/loss per share ¹⁾	0,11	0,02	-0,50

¹⁾ Outstanding call options will not result in any dilution. If outstanding option warrants were to be exercised in full, 3 666 000 new shares would be issued. The option warrants scheme was adopted at an Extraordinary General Meeting held on 6 July 2005, and warrants mature on 31 December 2007.

Balance sheet figures in SEK 000s

	31 Mar 06	31 Mar 05	31 Dec 05
ASSETS			
FIXED ASSETS			
<i>Tangible fixed assets</i>			
Equipment	357	636	414
<i>Financial fixed assets</i>			
Participation in associated companies ¹⁾	278 417	233 882	234 417
Other shares and participations ¹⁾	41 609	71 163	67 993
TOTAL FIXED ASSETS	320 383	305 681	302 824
CURRENT ASSETS			
<i>Short-term receivables</i>	4 048	3 285	4 262
<i>Short-term placements</i>	1 222	54 590	35 332
<i>Cash in hand and at the bank</i>	61 009	64 532	22 457
TOTAL CURRENT ASSETS	66 279	122 407	62 051
TOTAL ASSETS	386 662	428 088	364 875
EQUITY AND LIABILITIES			
EQUITY			
<i>Restricted equity</i>	75 299	63 340	75 299
<i>Non-restricted equity</i>	297 518	355 809	282 215
TOTAL EQUITY	372 817	419 149	357 514
CURRENT LIABILITIES			
Short-term interest bearing liabilities	10 000	0	0
Short-term non-interest bearing liabilities	3 845	8 939	7 361
TOTAL CURRENT LIABILITIES	13 845	8 939	7 361
TOTAL EQUITY AND LIABILITIES	386 662	428 088	364 875
¹⁾ Including shares and loans.			
	2006	2005	2005
CHANGES IN EQUITY	Jan-Mar	Jan-Mar	Jan-Dec
As at 1 January	357 514	416 537	416 537
New share issue	0	0	10 419
Consideration for option warrants	0	0	1 540
Profit/loss for the period	15 303	2 612	-70 982
As at 31 Mar	372 817	419 149	357 514

Cash flow analysis/Key ratios

Cash flow analysis figures in SEK 000s

	2006 Jan-Mar	2005 Jan-Mar	2005 Jan-Dec
CURRENT OPERATIONS			
Cash utilized by current operations	-5 379	-2 333	-17 359
Changes i working capital	-3 302	-883	-768
CASH UTILIZED BY CURRENT OPERATIONS	-8 681	-3 216	-18 127
CASH UTILIZED BY INVESTMENT ACTIVITIES	3 123	7 918	-38 504
CASH UTILIZED BY FINANCING ACTIVITIES	10 000	0	0
CASH FLOW FOR THE PERIOD	4 442	4 702	-56 631
Liquid assets as 1 Jan	57 789	114 420	114 420
LIQUID ASSETS AT 31 MAR/DEC	62 231	119 122	57 789

Key ratios

	31 Mar 06	31 Mar 05	31 Mar 04	31 Mar 03	31 Mar 02	31 Mar 01
Profit/loss for the period, MSEK	15	-71	-53	-128	-130	-197
Profit/loss per share, SEK	0,11	-0,50	-0,38	-0,93	-1,06	-1,81
Equity, MSEK	373	358	417	456	583	581
Equity per share, SEK	2,61	2,50	2,97	3,33	4,26	5,33
Equity/asset ratio, %	96	98	98	99	96	98
Capital invested in existing portfolio, MSEK	448	443	426	547	576	503
Capital invested per share, SEK	3,13	3,10	3,03	3,99	4,21	4,62
Book value of portfolio, MSEK	320	302	308	313	357	358
Book value of portfolio per share, SEK	2,24	2,11	2,19	2,29	2,61	3,29
Liquid assets per share, SEK	0,44	0,40	0,81	1,04	1,69	2,09
Administrative costs/average equity, % ¹⁾	6,20	6,61	3,86	3,54	4,14	7,79
Shares in issue, 000s	142 984	142 984	140 399	136 834	136 834	108 954
Dividend per share, SEK	0	0	0	0	0	0
Share price at end of period, SEK	3,08	4,05	3,23	2,80	3,10	6,45
Market value, MSEK	440	579	453	383	424	703
No of employees at 31 Mar/Dec	5	5	7	9	9	11

¹⁾ Calculated over a twelve-month period year-on-year.