



LEDSTIERNAN

- Net profit for the first nine months of 2006 was MSEK 4.7 (-23.6), equivalent to SEK 0.02 (-0.17) per share.
- Equity totalled MSEK 548 (404.9), equivalent to SEK 1.92 (2.83) per share after the new share issue. The equity/assets ratio was 99 (98) percent.
- Gross investments during the period totalled MSEK 125.8 (54.1), of which investment in Metrima accounted for MSEK 116.9.
- Divestments during the period totalled MSEK 47.6 (16.9).
- Bank balances and short-term investments at the end of the period totalled MSEK 151.6 (73.9).
- In August the portfolio company The PhonePages of Sweden AB sold its patent portfolio in VoIP (Voice over Internet Protocol) and wireless communications to a leading mobile phone manufacturer.
- After the end of the period Ledstiernan acquired 70 percent of Pallco AB. Pallco is a specialized supplier of aluminium and steel products. In 2005 sales totalled MSEK 370 and profit before tax was MSEK 22. Ledstiernan made the acquisition through the formation of a new holding company, Polstiernan Industri AB, which acquired Pallco AB. Polstiernan is 70 percent owned by Ledstiernan and 30 percent owned by Pallco's former owners. Ledstiernan's investment in Polstiernan totals MSEK 55, of which MSEK 49 is equity and MSEK 6 is loans.

## Interim Report, January – September 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. Historically its focus has been on IT and communications technology. The strategy has been broadened to include investments outside the technology sector and in companies that have reached a more mature stage in their development.

Ledstiernan's investment portfolio currently comprises ten major investments, primarily in mobile communications and wireless technology.

## FINANCIAL DEVELOPMENTS

### *Results, liquidity and financial position*

Net profit for the first nine months of 2006 was MSEK 4.7 (-23.6), equivalent to SEK 0.02 (-0.17) per share.

At 30 September 2006 bank balances and short-term investments amounted to MSEK 151.6 (73.9). Of this MSEK 13.4 (13) was blocked as collateral for guarantees Ledstiernan had made in connection with sales of portfolio companies or for the benefit of existing portfolio companies. The greater part of these blocked funds will be released in 2007. Ledstiernan has no interest-bearing liabilities.

Net administrative costs for the period totalled MSEK 10.4 (17). The number of employees as at 30 September was 5 (5).

### *Investments*

Gross investments during the period totalled MSEK 125.8 (54.1), of which MSEK 116.9 was attributable to investments in Metrima which, as a result of an increase in orders, required additional working capital.

Ledstiernan has invested MSEK 5.1 in the form of loans and share capital in Soft Capital Investment AB, a company that runs bingo on the Internet. Ledstiernan has agreed to loan the company another MSEK 1.5 if certain conditions are fulfilled. Ledstiernan's holding amounts to 18 percent.

At the end of the period the book value of shares and other financial assets in the portfolio totalled MSEK 393.2 (333.3), equivalent to SEK 1.38 (2.33) per share.

### *Divestments*

Divestments during the period totalled MSEK 47.6 (16.9) and are primarily attributable to the sales of Interpeak and Hotsip. Capital gains from divestments during the period amounted to MSEK 18.1 (4.8).

### *Write-downs*

Write-downs during the period amounted to MSEK 0.1 (18.7).

### *Value adjustment of financial instruments*

Holdings in companies where Ledstiernan owns less than 20 percent are classified as financial instruments. During the period the change in value regarding financial instruments amounted to MSEK -5 (0).

## PORTFOLIO COMPANIES

### *Metrima*

The strong 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. Consequentially, early in 2006 its shareholders decided to replace Metrima's senior management and board of directors. 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. The technical problems reported earlier have been solved and the technology in all projects has now been approved by the customers. The company's prospects are therefore deemed to be good. In September Claes Rudling was appointed as the new President of Metrima.

### *Voice Provider*

Together with Voice Provider's senior management and chairman, Ledstiernan acquired the whole of the shareholdings of Skandia and Telenor in the company. Ledstiernan's holding thus increased from 24 percent to 48 percent. The acquisition was facilitated by the formation of a new holding company, VP Holding AB, which then acquired the whole of the issued share capital in Voice Provider Sweden AB. The transaction was financed by a combination of equity and bank loans. Voice Provider has established itself as the leading Nordic company in the field of voice-controlled services.

## ***Soft Capital Investment***

Soft Capital Investment AB operates gaming activities in the field of online games-of-chance, primarily bingo via the company Bertil in Malta Ltd. ([www.bertil.com](http://www.bertil.com)). Ledstiernan has thus far invested MSEK 5.1 in the form of loans and share capital and has agreed to loan an additional MSEK 1.5 if certain conditions are fulfilled. Ledstiernan's holding is 18 percent of the issued share capital.

## ***Daydream/24hPoker***

The two gaming companies Daydream Software AB and 24hPoker Holding AB merged following a public offer by Daydream to acquire the whole of the issued share capital in 24hPoker. Following the merger, former shareholders in 24hPoker now hold some 90 percent of the shares, and Ledstiernan's shareholding has been reduced to 0.6 percent, as a result of which it is no longer regarded as a core investment.

## ***The PhonePages***

In August the company The PhonePages of Sweden AB sold its patent portfolio in VoIP (Voice over Internet Protocol) and wireless communication to a leading mobile phone manufacturer. The company runs no operations after the divestment and will be wound up as soon as possible. Ledstiernan owns 41.1 percent of the company. Ledstiernan is expected to make a small capital gain as a result of this transaction.

## ***Development of profitability and turnover in the portfolio companies***

From the financial year 2006 Ledstiernan will report on developments in turnover and profitability in the portfolio companies in the six-month and annual reports in order to increase information concerning the companies.

## **NEW SHARE ISSUE**

During June 2006 Ledstiernan made a new share issue to its existing shareholders in the sum of MSEK 200 before transaction cost. The new issue was guaranteed by the Company's major existing shareholders and by a guarantee consortium. As a result of the new share issue, the Company's issued share capital was increased by MSEK 42.9 to MSEK 85.8. The number of shares outstanding increased from 143 million to 286 million, each with a nominal value of SEK 0.30. The subscription price was SEK 1.40 per share. Costs incurred in connection with the transaction totalled MSEK 14. Approximately half the costs incurred were accounted for by commission payable to the guarantors.

## **FUTURE PROSPECTS**

The further increase in commercial activity, as reported earlier this year, has resulted in most of Ledstiernan's holdings showing an improvement in terms of both turnover and profitability, and this improvement can be expected to continue during the remainder of 2006.

As a result of the new share issue completed in June, Ledstiernan now has greater scope for financial operations, and this has created opportunities for taking active steps to identify new and interesting potential investments, both within the technology sector and outside it, in line with the Company's new broader investment strategy.

## LEDSTIERNAN'S SHARES

During the period January-September shares were traded on all business days. A total of 129 million shares were exchanged amounting to MSEK 311. As at 29 September 2006 the share price was SEK 1.45, equivalent to a market value of MSEK 415.

## ACCOUNTING PRINCIPLES

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

This Interim Report has been drawn up in accordance with recommendation RR32 "Accounting for Legal Entities". In accordance with the interim provisions of RR32, effective from 1 January 2006, certain financial instruments are reported at actual value. In Ledstiernan's case, this means that holdings in portfolio companies in which Ledstiernan controls less than 20 percent of the share capital and voting rights have been reported at actual value, where this can be determined.

Holdings in portfolio companies in which Ledstiernan controls more than 20 percent of the share capital and voting rights, referred to as associated companies, have been reported at acquisition cost less deductions for write-downs, in accordance with IAS 36. An assessment of each individual company is made at balance sheet date with a view to establishing whether the actual value of the holding is above or below acquisition cost. If it is above, no change is made to the book value. If it is below, the book value is written down to the assessed value. This is done at rates of 25, 50, 75 and 100 percent of acquisition cost.

Ledstiernan assesses the value of unlisted companies on the basis of guidelines drawn up and published jointly by EVCA, BVCA and AFIC.

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

## EVENTS AFTER 30 SEPTEMBER 2006

In October Ledstiernan acquired 70 percent of the share capital of Pallco AB. Pallco is a specialized manufacturer of aluminium and steel products. The company has expertise within the entire processing chain, from the design phase to total responsibility for production adaptation, production, packaging and delivery. Historically operations have targeted the furniture industry, with the recent addition of production for the automotive and telecom industries. In 2005 sales amounted to MSEK 370 and profits before tax amounted to MSEK 22. Ledstiernan made the acquisition through the formation of a new holding company, Polstiernan Industri AB, which acquired Pallco AB. Polstiernan is 70 percent owned by Ledstiernan and 30 percent owned by Pallco's former owners. Ledstiernan's investment in Polstiernan totals MSEK 55, of which MSEK 49 is equity and MSEK 6 is loan.

Stockholm, 31 October 2006  
The Board of Directors  
Ledstiernan AB (publ)

*This interim report has not been subject to the Company's auditors' review*

## Financials 2006

Year-end Report 2006 – February 2007

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# Portfolio holdings as at 30 September 2006 figures in SEK 000s

Company	Acquisition date	Shareholding	Acquisition cost	Loans	Total investment	Market price of quoted holdings
Columbitech AB	May-00	17.4%	18 630		18 630	
Continuent Inc	Jun-02	20.5%	12 917		12 917	
EasyPark ASA	May-05	27.9%	58 540		58 540	
ipUnplugged AB	Jan-00	35.6%	87 251		87 251	
Metrima AB	May-01	60.6%	99 855	97 330	197 185	
Millennium Media Group AB	Dec-99	36.2%	21 079	1 819	22 898	
Repeatit AB	Mar-00	52.0%	35 148	681	35 829	
Soft Capital Investment AB	Jun-06	18.0%	120	5 000	5 120	
Voice Provider Holding AB	Nov-00	47.6%	7 761		7 761	
<b>Acquisition cost of core holdings</b>			<b>341 301</b>	<b>104 830</b>	<b>446 131</b>	
24hPoker Holding AB	Jun-02	0.6%	10 361		10 361	2 832
World Television Group Plc	May-00	0.3%	566		566	242
<b>Acquisition cost of quoted holdings</b>			<b>10 927</b>	<b>0</b>	<b>10 927</b>	
<b>Acquisition cost of other holdings</b>			<b>65 526</b>	<b>4 054</b>	<b>69 580</b>	
			<b>417 754</b>	<b>108 884</b>	<b>526 638</b>	
<b>Total acquisition cost</b>					<b>526 638</b>	
<b>Total write-downs</b>					<b>-125 553</b>	
<b>Adjustment in values of financial instruments</b>					<b>-7 853</b>	
<b>Book value</b>					<b>393 232</b>	

# Income statement figures in SEK 000s

	2006 Jul-Sep	2005 Jul-Sep	2006 Jan-Sep	2005 Jan-Sep	2005 Jan-Dec
INCOME FROM PORTFOLIO HOLDINGS					
Exit profits	252	6	18 098	4 758	10 028
Write-downs	-65	0	-65	-18 726	-63 970
Reversals of write-downs	0	0	0	680	636
Adjustment in values of financial instruments <sup>1)</sup>	-788	0	-4 999	0	0
OTHER OPERATING INCOME	36	96	837	921	1 234
OPERATING COSTS					
Administrative costs	-3 480	-3 875	-11 093	-17 648	-25 538
Depreciation	-52	-112	-160	-242	-314
OPERATING PROFIT/LOSS	-4 097	-3 885	2 618	-30 257	-77 924
Income/Expense from financial investments	620	-925	2 044	6 674	6 942
PROFIT/LOSS AFTER FINANCIAL ITEMS	-3 477	-4 810	4 662	-23 583	-70 982
Tax	0	0	0	0	0
NET PROFIT/LOSS	-3 477	-4 810	4 662	-23 583	-70 982
Average no of shares in issue	285 968 210	142 984 105	206 532 596	141 548 184	141 907 414
No of shares in issue at end of quarter/year	285 968 210	142 984 105	285 968 210	142 984 105	142 984 105
Profit/loss per share, SEK <sup>2)</sup>	-0.01	-0.03	0.02	-0.17	-0.50

<sup>1)</sup> Result from reporting at actual value of holdings in portfolio companies in which Ledstiernan controls less than 20 percent of shares and voting rights.

<sup>2)</sup> Outstanding warrants will not result in any dilution. If outstanding option warrants were to be exercised in full, 3,984,055 new shares would be issued. The warrants scheme was adopted in July 2005 and the warrants mature on 31 December 2007.

# Balance sheet figures in SEK 000s

	30 Sep 06	30 Sep 05	31 Dec 05
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
<i>Tangible fixed assets</i>			
Equipment	323	489	414
<i>Financial fixed assets</i>			
Participation in associated companies <sup>1)</sup>	357 084	257 767	234 417
Other shares and participations <sup>1)</sup>	36 148	75 562	67 993
<b>TOTAL FIXED ASSETS</b>	<b>393 555</b>	<b>333 818</b>	<b>302 824</b>
<b>CURRENT ASSETS</b>			
<i>Short-term receivables</i>	6 346	3 987	4 262
<i>Short-term investments</i>	82	48 617	35 332
<i>Bank balances</i>	151 516	25 314	22 457
<b>TOTAL CURRENT ASSETS</b>	<b>157 944</b>	<b>77 918</b>	<b>62 051</b>
<b>TOTAL ASSETS</b>	<b>551 499</b>	<b>411 736</b>	<b>364 875</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<i>Restricted equity</i>	118 195	75 300	75 299
<i>Non-restricted equity</i>	429 820	329 613	282 215
<b>TOTAL EQUITY</b>	<b>548 015</b>	<b>404 913</b>	<b>357 514</b>
<b>CURRENT LIABILITIES</b>			
Short-term non-interest bearing liabilities	3 484	6 823	7 361
<b>TOTAL CURRENT LIABILITIES</b>	<b>3 484</b>	<b>6 823</b>	<b>7 361</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>551 499</b>	<b>411 736</b>	<b>364 875</b>
	2006	2005	2005
<b>CHANGES IN EQUITY</b>	<b>Jan-Sep</b>	<b>Jan-Sep</b>	<b>Jan-Dec</b>
As at 1 January	357 514	416 537	416 537
New share issue <sup>2)</sup>	185 839	10 419	10 419
Consideration for warrants	0	1 540	1 540
Profit/loss for the period	4 662	-23 583	-70 982
As at end of period	548 015	404 913	357 514

<sup>1)</sup> Including shares and loans.

<sup>2)</sup> At an Extraordinary General Meeting held on 18 May 2006 it was resolved to issue 142,984,105 new shares in the Company at SEK 1,40 per share. Of the total consideration received of SEK 200,178,000, SEK 42,895,000 has been assigned to the Company's issued share capital and the remaining SEK 157,283,000 has been assigned to non-restricted equity. Expenses in connection with the share issue totalling SEK 14.339.000 have been deducted from non-restricted equity.

# Cash flow analysis/Key ratios

## Cash flow analysis figures in SEK 000s

	2006 Jan-Sep	2005 Jan-Sep	2005 Jan-Dec
CURRENT OPERATIONS			
Cash utilized by current operations	-7 713	-10 041	-17 359
Changes in working capital	-5 961	-3 639	-768
CASH FLOW FROM CURRENT OPERATIONS	-13 674	-13 680	-18 127
CASH FLOW FROM INVESTMENT ACTIVITIES	-78 356	-26 809	-38 504
CASH FLOW FROM FINANCING ACTIVITIES	185 839	0	0
CASH FLOW FOR THE PERIOD	93 809	-40 489	-56 631
Liquid assets at 1 Jan	57 789	114 420	114 420
LIQUID ASSETS AT END OF PERIOD	151 598	73 931	57 789

## Key ratios

	30 Sep 06	31 Dec 05	31 Dec 04	31 Dec 03	31 Dec 02	31 Dec 01
Profit/loss for the period, MSEK	5	-71	-53	-128	-130	-197
Profit/loss per share, SEK	0.02	-0.50	-0.38	-0.93	-1.06	-1.81
Equity, MSEK	548	358	417	456	583	581
Equity per share, SEK	1.92	2.50	2.97	3.33	4.26	5.33
Equity/assets ratio, %	99	98	98	99	96	98
Capital invested in existing portfolio, MSEK	527	443	426	547	576	503
Capital invested per share, SEK	1.84	3.10	3.03	3.99	4.21	4.62
Book value of portfolio, MSEK	393	302	308	313	357	358
Book value of portfolio per share, SEK	1.38	2.11	2.19	2.29	2.61	3.29
Liquid assets per share, SEK	0.53	0.40	0.81	1.04	1.69	2.09
Administrative costs/average equity, % <sup>1)</sup>	4.15	6.61	3.86	3.54	4.14	7.79
Shares in issue, 000s	285 968	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	1.45	4.05	3.23	2.80	3.10	6.45
Market value, MSEK	415	579	453	383	424	703
No. of employees at end of period	5	5	7	9	9	11

<sup>1)</sup> Calculated over a twelve-month period year-on-year.