



LEDSTIERNAN

INTERIM REPORT ★ JANUARY-SEPTEMBER 2003

- ★ The result before tax for the nine-month period was a loss of MSEK 63.9, which is equivalent to a loss of SEK 0.47 per share (loss MSEK 76.9 or SEK 0.65 per share), of which write-downs in value accounted for MSEK 55.0 (65.0).
- ★ Equity amounted to MSEK 519, or SEK 3.80 per share. The equity ratio was 98 per cent.
- ★ Investments in the portfolio for the period amounted to MSEK 65, and related to second phase investments, including the financing of acquisitions by two portfolio companies of complementary businesses.
- ★ Closing liquid funds amounted to MSEK 156, or SEK 1.14 per share. Ledstiernan is still free from debt and has retained its high cash reserves.
- ★ SVM North Node will be profitable in Q4. The possibility of a listing in 2004 is being looked at.
- ★ Further market advances by several portfolio companies, including Columbitech, which is now the world-leader by number of secure WLAN access systems installed.
- ★ As new tax legislation means that Ledstiernan's capital gains will be tax free, we will be examining the opportunities to create value from its accumulated loss allowances of just over MSEK 300.

Ledstiernan is building the 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 on IT and communication technology, primarily mobile communication and wireless technology. The portfolio consists of 14 core holdings and 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 industrial buyers or a stock market flotation.

FINANCIAL RESULTS

Ledstiernan incurred a loss of MSEK 63.9 (loss 76.9) after financial net for the first nine months of the year. Write-downs of MSEK 55.2 (65.0) in the value of Ledstiernan's portfolio were charged against the result. This brings the accumulated write-downs in the value of the portfolio as of September 30, 2003 to MSEK 192.5. This is a provision and not a realised loss.

Ledstiernan's management costs are running at an annual rate of some MSEK 18, and amounted to MSEK 14.4 for the period.

LIQUIDITY AND FINANCIAL POSITION

As of September 30, 2003, Ledstiernan had cash reserves of MSEK 156, or SEK 1.14 per share. The company has no interest-bearing debt. Ledstiernan's strategy for new investments is to focus principally on the acquisition of companies that complement our core holdings. During the second quarter of this year, North Node acquired ABB Metering and Infomakers merged with its sector counterpart Gordion.

PORTFOLIO DEVELOPMENTS

INVESTMENTS AND SECOND PHASE INVESTMENTS

At the end of the period, Ledstiernan had 25 portfolio holdings, of which 14 are classified as core. Ledstiernan is a major 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 under "Other holdings". As of 2003, figures for the companies in this group will not be presented individually but only in summary for the group. Ledstiernan does not plan to make any further investments in these companies and will exit them in due course.

The total capital invested in the existing portfolio amounts to MSEK 561, or SEK 4.10 per share.

The total book value of the portfolio as of September 30, 2003 amounted to MSEK 368, or SEK 2.69 per share. Investments in portfolio companies, all of which were second phase investments in the existing portfolio (including the financing of the acquisition of complementary businesses by North Node and Infomakers) amounted to MSEK 65 for the first half of the year.

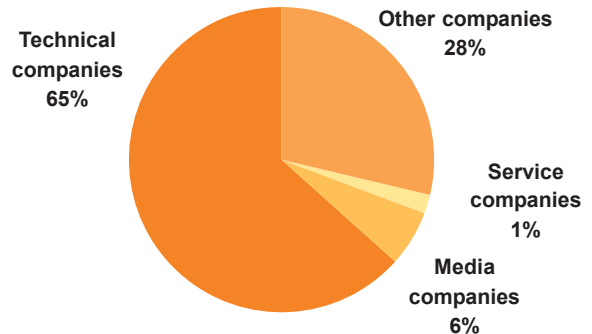
ACQUISITION VALUE OF PORTFOLIO COMPANIES SEPTEMBER 30, 2003

Acquisition value inclusive loans and convertibles (TSEK)

Technical companies	364,302	65%
Media companies	33,000	6%
Service companies	6,902	2%
Other companies	156,565	28%
Total acquisition value	560,769	100%

“Other companies” - of MSEK 156.6 have been written down year by year by 90%, and their book value is MSEK15.9.

BREAK DOWN OF ACQUISITION VALUE OF PORTFOLIO COMANIES



Valuation principles

Ledstiernan states its investments at the lower of acquisition value and estimated market value. A valuation is made of each individual company before every quarterly and annual report in order to determine whether it is over- or undervalued in relation to the acquisition value.

The need for write-downs is assessed in accordance with recommendation No. 17 “Write-downs” issued by the Swedish Financial Accounting Standards Council.

PORTFOLIO COMPANIES

On average, Ledstiernan’s portfolio companies are now four years old, and they have all reached their commercialisation phase.

The following events occurred during the third quarter:

Columbitech is now world leader in terms of the number of users who have installed its security software, primarily through the OEM licence to Symbol Technologies for its “Airbeam Safe” product.



Emic Networks has started to deliver its new release, Emic Application Cluster for MySQL 2.9. At the same time they have signed a sales agreement with MySQL as well as several of MySQL’s retailers in Japan, the Netherlands and Brazil. The new products have led to increasing sales to many important customers.



The Swedish games developer **It’s Alive** is expanding in Russia, where it is launching its multiplayer location-based mobile game “Botfighters” together with the mobile operator Megafon, a sister company to Sonic Duo. The previous launch in Russia boosted traffic volumes to one million text messages a week in the game. The Russian contract includes game licences, system integration, translation, technical support and community management.



Mint, which develops and markets mobile payment services for parking under the name P-mint, signed an agreement covering 11,000 street parking places in Göteborg. In Stockholm Mint now has 2,5% of the total market for payment services for parking and which is increasing every month.



SVM North Node, which acquired ABB Metering in the second quarter, has continued its integration process and was in profit by the end of the third quarter. The company, which manufactures products for metering electricity, district heat, gas and water consumption, is also examining further acquisition options. The board of SVM North Node has taken a decision to look at the possibility of floating the company on the stock market in 2004.

SVM North Node

The PhonePages of Sweden AB launched Zmart at the end of September. This is a program for mobile phones that gives users cut-price text messaging. Apart from cheap text messages, users can also send Zmart-MMS and chat with other users direct in their handset at very low cost. The software is free and can be downloaded from www.zmart.se. "The great advantage of Zmart is that you can make huge savings," says Jan Hörnström, marketing manager at PhonePages. "If, for example, you have a Comviq Kontant top-up card and send 200 text messages a month, you can save up to SEK 150 a month!"



EXITS IN NINE-MONTH PERIOD

During the first nine months of the year, **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.

The games and entertainment portal **MGON** and the consultancy company **CCNOX** were placed in bankruptcy at the beginning of the year owing to the unfavourable market developments. This has also affected **Corvus Corax** (with the subsidiary Fyrplus), which was placed in liquidation in September, and **Ambiotech**, which filed for bankruptcy at the start of October.

Ledstiernan's strategy is to gradually endeavour to phase out smaller portfolio holdings that are not seen as strategically important. Consequently, the following companies have been divested in order to streamline the portfolio:

Verktgshuset AB (33%) was sold to Bygg- och Industrigross AB (BIG) for SEK 233,000, and **VS Market** (1.4%) was sold back to the founder for a symbolic sum of SEK 2,000. **Code Factory** has also been sold back to the founders for a modest sum. **Start and Run** has been sold to Punkt B International for SEK 1, with an option to buy back 15 per cent of the shares for the same price within a three-year period.

DEVELOPMENTS AND FUTURE PROSPECTS

Ledstiernan has a strong financial position with 14 core holdings of considerable development potential, most of which have achieved their commercial breakthrough. As mentioned in the half-year report the turnover and result targets presented in the 2002 Annual Report could not be met in 2003. This is mainly because the market for high-tech companies has grown at a slower pace than expected. However, improvements in turnover and result (albeit gradual in the latter case) are being made from quarter to quarter.

The technological/product companies have entered into important distribution and cooperation agreements with the world's leading distributors. Despite the difficult VC market, new investors have opted to invest specifically in Ledstiernan's companies. All in all, this provides sound conditions for steady development towards phased exits.

Ledstiernan has continued to investigate the scope for the acquisition of portfolios of companies in return for shares.

Ledstiernan will further reduce its administrative costs in 2004, when they are expected to fall below MSEK 18 (net) for the financial year 2004.

IMPORTANT EVENTS AFTER END OF PERIOD

The portfolio company **Ambiotech** (49.9%) filed for bankruptcy on 10 October. This resulted in a write-down during the third quarter of MSEK 22.4.

OTHER

- New tax legislation was introduced on 1 July 2003 for capital gains on sales of unlisted holdings. This means that the capital gains that Ledstiernan makes on future exits will be tax-free. Ledstiernan will be examining the opportunities to create value from its accumulated loss allowances of just over 300 MSEK.
- Ledstiernan's warrant programme entitling holders to 1,150,000 shares expired on 29 August 2003. No shares were subscribed to under the terms of the programme. There are therefore no warrants outstanding.

PERSONNEL

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

Stockholm 23 October 2003
LEDSTIERNAN AB (publ)

Johan Wachtmeister
President

This interim report has not been subject to specific examination by the company's auditors.

Forthcoming financial information

Year-end release 2003
Annual General Meeting

12 February 2004
31 March 2004

PORTFOLIO HOLDINGS AS OF SEPTEMBER 30, 2003

(SEK '000) Company	Acquisition date	Present interest ²⁾	Acquisition-value shares	Convertible loans	Other loans	Total investments	External valuation transaction post-money ³⁾
Technical companies							
Columbitech AB	May-00	18.3%	16,630			16,630	13,725
Emic Networks OY	June-02	40.9%	4,606	1,960		6,566	11,414
Hotsip AB	June-02	21.5%	24,185			24,185	59,147
Incomit AB	Aug-00	46.1%	68,035	5,000		73,035	
Gordion Infomakers AB	July-99	49.9%	25,808		4,100	29,908	
ipUnplugged AB	Jan-00	40.8%	80,278			80,278	72,933
Mint AB	May-00	33.1%	45,280			45,280	
SVM North Node AB ¹⁾	May-01	46.4%	29,396	3,416		32,812	
Repeatit AB	March-00	43.4%	15,846	5,296		21,142	
the Phone Pages of Sweden AB	March-00	31.3%	28,350			28,350	20,345
Voice Provider Sweden AB ¹⁾	Nov-00	21.3%	6,116			6,116	
Sub-total Technical companies			344,530	15,672	4,100	364,302	
Media companies							
It's Alive Mobile Games AB	June-02	30.4%	6,015	2,587	1,500	10,102	
Millennium Media Group AB	Dec-99	36.2%	22,898			22,898	
Sub-total Media companies			28,913	2,587	1,500	33,000	
Service companies							
Sourcebynet Pty Ltd	June-02	10.4%	6,710	192		6,902	8,490
Sub-total Service companies			6,710	192	0	6,902	
Other companies			153,497	0	3,068	156,565	
Acquisition vaule shares and loans			533,650	18,451	8,668	560,769	
Write-downs						-192,465	
Book value						368,304	

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

2) Exkluding convertible loans.

3) Excluding convertible loans and where financing has been made during the last 12 months period.

INCOME STATEMENT

(SEK '000)	Quarter 3 2003	Quarter 3 2002	Jan-Sep 2003	Jan-sep 2002	Year 2002
Income from/loss on portfolio holdings					
Exit results	-	-	988	-	690
Write-downs	-42,000	-15,000	-55,228	-65,000	-114,854
Total income from/loss on portfolio holdings	-42,000	-15,000	-54,240	-65,000	-114,164
Other costs					
Administrative costs	-3,190	-5,373	-14,435	-17,786	-24,079
Depreciation	-315	-227	-794	-691	-1,359
Total other costs	-3,505	-5,600	-15,229	-18,477	-25,438
Operating loss	-45,505	-20,600	-69,469	-83,477	-139,602
Financial items	1,129	2,227	5,561	6,577	9,545
Loss before tax	-44,376	-18,373	-63,908	-76,900	-130,057
Tax	-	-	-	-	-
Net loss for the period	-44,376	-18,373	-63,908	-76,900	-130,057
	Shares thousands	Shares thousands	Shares thousands	Shares thousands	Shares thousands
Average number	136,834	136,360	136,834	118,189	122,822
At end of period	136,834	136,360	136,834	136,360	136,834
Loss per share, SEK	-0.32	-0.13	-0.47	-0.65	-1.06

BALANCE SHEET

(SEK '000)

Assets		2003-09-30	2002-09-30	2002-12-31
Tangible fixed assets		1,306	1,944	1,207
Financial fixed assets				
Participation in associated companies	1)	336,522	368,394	324,785
Other long-term holdings of securities	1)	31,782	18,508	32,719
Total financial fixed assets		368,304	386,902	357,504
Total fixed assets		369,610	388,846	358,711
Current assets				
Current receivables		4,172	6,703	5,429
Commercial papers		62,811	147,914	224,976
Liquid assets		93,409	125,242	16,968
Total current assets		160,392	279,859	247,373
Total assets		530,002	668,705	606,084
Equity and liabilities				
Equity	2)			
Restricted equity		547,874	545,622	547,874
Non-restricted equity		-28,471	88,593	35,437
Total equity		519,403	634,215	583,311
Current liabilities, not interest bearing				
- Convertible loan		-	17,664	-
- Other liabilities		10,599	16,826	22,773
Total current liabilities		10,599	34,490	22,773
Total equity and liabilities		530,002	668,705	606,084
Change in equity		2003-09-30	2002-09-30	Year 2002
Opening balance		583,311	580,940	580,940
New share issue		-	130,175	132,428
Loss for the period		-63,908	-76,900	-130,057
Closing balance		519,403	634,215	583,311

1) Includes shares and convertible loans.

2) On October 10, 2003, Ledstiernan obtained permission to transfer 498,614 thSEK from the share premium reserve to non-restricted equity.

CASH FLOW ANALYSIS

(SEK '000)

	Jan-Sep 2003	Jan-Sep 2002	Year 2002
Current operations			
Cash flow from current operations	-8,933	-12,845	-12,949
Cash flow change in working capital	-2,481	-8,897	-11,466
Cash flow from current operations	-11,414	-21,742	-24,415
Cash flow from investment activities	-64,154	-66,152	-86,994
Financing activities			
Amortization of loans	-10,156	-	-7,698
Share issue	-	133,613	133,614
Cash flow from financing activities	-10,156	133,613	125,916
Cash flow for the period	-85,724	45,719	14,507
Opening liquid funds	241,944	227,437	227,437
Closing liquid funds	156,220	273,156	241,944

FINANCIAL RATIOS

	2003-09-30	2002-12-31	2001-12-31	2000-12-31
Result, MSEK	-64	-130	-197	-172
Result/share, SEK	-0.47	-1.06	-1.81	-1.75
Equity, MSEK	519	583	581	778
Equity/share, SEK	3.80	4.26	5.33	7.14
Equity ratio, %	98	96	98	96
Capital invested in existing portfolio, MSEK	561	576	503	452
Capital invested/share, SEK	4.10	4.21	4.62	4.14
Portfolio book value, MSEK	368	357	358	332
Portfolio book value/share, SEK	2.69	2.61	3.29	3.05
Cash/share, SEK	1.14	1.69	2.09	4.23
Administrative costs/average equity% ¹⁾	3.59	4.20	7.79	8.43
Number of shares, thousands	136,834	136,834	108,954	108,954
Closing listed price, SEK	3.11	3.10	6.45	7.60
Market capitalisation, MSEK	426	424	703	828
Number of employees at end period	9	9	11	16

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.