

## interim report january – march 2004

- Net loss for the first quarter after tax was MSEK 3,0 equivalent to SEK 0,02 per share (2003: MSEK 15,1 equivalent to a loss of SEK 0,11 per share).
- Equity was MSEK 467 equivalent to SEK 3,32 per share, and equity/assets ratio was 99 per cent.
- Investments for the period totalled MSEK 6 (2003: MSEK 19) and were in respect of follow-up investments in the existing portfolio.
- 22,5 per cent of the issued share capital in Interpeak AB, a systems security company, was acquired from Industrivärden AB in consideration of a new issue in kind of approx 3,5 million shares in Ledstiernan AB.
- SVM North Node, one of Ledstiernan's portfolio companies specializing in automatic meter reading, reinforced its market position by acquiring the issued share capital of a competitor, Milab AB. Consideration is being given to seeking a stock exchange listing.
- Major external financing was obtained at levels above Ledstiernan's acquisition costs in three of the portfolio companies, Columbitech, Emic Networks and Hotsip.
- As at 31 March 2004, liquid assets totalled MSEK 132 equivalent to SEK 0,94 per share and representing a high liquidity reserve.

Ledstiernan is in the process of becoming Scandinavia's leading venture capital company focusing on IT and communications technology. The Company's shares are quoted on the Stockholm Stock Exchange O List. [www.ledstiernan.se](http://www.ledstiernan.se)



LEDSTIERNAN

# operations and financials

## Operations

Ledstiernan is a venture capital company focusing on IT and communications technology. Its portfolio comprises 14 major investments, primarily in companies specializing in mobile communications and wireless technology. On average, shareholdings represent some 35-40 per cent of the issued share capital of portfolio companies. Ledstiernan invests first and foremost in unlisted Swedish companies with growth potential and the potential to achieve leading positions on their respective markets. Our objective, over time, is to create a high return for our shareholders as a result of active ownership, by close involvement in the development of our portfolio companies and disposal of our interests in them when the time is ripe. Exits are primarily as the result of industrial disposals or by seeking stock exchange listings. Operating on the venture capital market involves the taking of considerable risks but also the possibility of achieving substantial returns on investments. Write-offs form a natural part of the operations of a company like Ledstiernan, and a venture may for example be written off when a portfolio company fails to develop as planned. Our focus is on identifying and developing a small number of real winners.

## Financial developments

### Results, liquidity and financial position

- The loss for the first quarter of 2004 after net financial items was MSEK 3,0 (2003: MSEK 15,1).
- As at 31 March 2004 the Company had liquid assets totalling MSEK 131,5 equivalent to SEK 0,94 per share. There were no interest bearing liabilities.
- Net administrative costs run at approx MSEK 17 per annum, and totalled MSEK 4,6 for the first quarter. The number of employees as at 31 March 2004 was 9 (2003: 9).

## Investments

As at 31 March 2004 the acquisition cost of existing investments in portfolio companies totalled MSEK 559. Over the past few years acquisition cost has

been written down by 41 per cent or MSEK 225, to give a book value of MSEK 333 at the end of the period. Holdings in 14 companies, most of them high-tech, are regarded as the core of the portfolio. Holdings in a further 11 companies are not the subject of active ownership, but are monitored from a financial perspective. Shareholdings in these companies are in most cases small ones, and in principle it is not intended to make further investments in them.

The focus of Ledstiernan's investment strategy is on the development and build-up of structures surrounding the Company's principal holdings. During the first quarter of 2004 SVM North Node acquired a further company in the energy metering sector, Milab AB which is based in Linköping. The acquisition was by means of an issue in kind, shareholders in Milab AB receiving 24,0 per cent of the issued share capital in SVM North Node. Following the merger of the two companies, Ledstiernan's shareholding amounts to 35,3 per cent.

Also during the first quarter Ledstiernan acquired Industrivärden's 22,5 per cent holding of the issued share capital in Interpeak AB, a systems security specialist, in consideration of an issue in kind of 3 564 616 fully paid-up ordinary shares in Ledstiernan with a market value of approx MSEK 14.

Further structural transactions in respect of which shares in Ledstiernan will form the consideration are studied on an ongoing basis, as a result of which holdings in further companies may be added to the existing portfolio, preferably in those sectors on which the Company focuses.

## Financing

Continuing international interest in Ledstiernan's portfolio companies has led to further external financing being provided by interesting strategic partners and at levels higher than the Company's acquisition costs and book values. External finance has been provided in the cases of Columbitech, Emic Networks and Hotsip.

# portfolio development & future prospects

Over the past three years Ledstiernan's portfolio companies have experienced an unfavourable market climate. Starting in the last six months of 2003, however, we have seen a sharp increase in demand for their products while at the same time there has been an improvement in the capital market, making it easier to attract financing on favourable terms and thus reducing the need for Ledstiernan to make follow-up investments. It is of critical importance for our portfolio companies to be able to take an early lead by winning strategic orders and customer positions, and to create partnership structures that make for growth. A large number of our portfolio companies are now undisputed leaders within their own respective niches, something that we expect to see bear fruit as their markets gradually mature. Over 50 per cent of them are high-tech companies with global market potential. In these cases we work in partnership with major industrial players such as IBM, HP, Ericsson and Symbol. This strategy enables our portfolio companies to reach

out to the world's markets with credibility and with overheads that are kept within reason. Thus there are good prospects for the positive development of our portfolio companies during the year, even though a number of them are still in the early stages of development and are therefore exposed for risk in terms of markets and technologies.

Ledstiernan enjoys a strong financial position, and the 14 principal holdings in its portfolio offer considerable potential for further development. Taking this into account, and given a stronger capital market, there are good prospects for positive developments during the year. The requirement for further follow-up investments by Ledstiernan will continue to decrease. We assess this requirement in respect of the current portfolio to be less than MSEK 40. However, this does not include the financing of any further companies to be acquired by existing portfolio companies.

The following important events took place during the first quarter of 2004:



**Columbitech – Solutions for wireless access to corporate data.** The company received external financing from NTT DoCoMo-controlled venture capital company Mobile Internet Capital (MIC), which invested MUSD 1,5. This capital injection will enable Columbitech to introduce on the Japanese market the same successful business model it has been using in the USA, where it is now the market leader in systems for the retail trade and has also done extensive business with federal authorities. On the European market, the company has won a substantial order from Carlsberg Breweries of Denmark, who have chosen its "Wireless Suite" to permit their truck drivers secure access to Carlsberg's SAP system via the GPRS network using handheld terminals. A total of 1 200 trucks in Sweden, Norway, Denmark and Finland will be fitted with "Wireless Suite".



**GordionInfomakers – customer loyalty solutions and information terminals.** During the first quarter of 2004 the company has won a major order from the Swedish Golf Union in respect of self-service information kiosks for use at all 450 of Sweden's golf courses.



**Emic Networks – grid computing solutions for web platforms.** Via a new share issue the company received MSEK 56 in external financing at a level of over three times that of Ledstiernan's book value of its holding. The new investors are Trident Capital, one of the USA's leading venture capital companies, and Nordic Venture Partners. The capital injection is to be used to reinforce Emic Networks' market establishment and for product development.

## cont. portfolio development



**HotSip – solutions for multimedia communication via IP telephony, video conferencing, Presence management etc.** The company has been entrusted with supplying the technology behind TeliaSonera's new broadband telephony service. At the beginning of April it secured further external financing from Bell Net of Japan, amounting to MEUR 5 on a valuation of MEUR 35.



**Interpeak – security for embedded systems.** At the beginning of 2004 Ledstiernan acquired 22,5 per cent of the issued share capital in Interpeak AB. During the first quarter of the year the company secured an order for its products from Marconi-Selenia in the face of tough international competition.



**Mint – solutions for mobile payment transactions.** The company's P-Mint service continues to grow, and during the quarter was extended to a number of new locations including Norrköping, Mölndal and Göteborg-Landvetter International Airport. A new solution for residential parking has been launched during March-April 2004.



Unplugged

**IpUnplugged – solutions for secure mobility and integration between wireless networks.** The company has renewed its OEM agreement with NEC, and sales on the Japanese market commenced during the quarter. The company has also received orders from a number of major Scandinavian customers.

## SVM North Node

**SVM North Node – solutions for automatic reading of electricity, water, heating and gas meters.** Following the acquisition of ABB Metering AB during the second quarter of 2003, a further acquisition was made during the first quarter of 2004, this time of Milab AB, a Linköping-based company that markets and supplies remote meter reading systems for network and energy companies. Milab also has a strategic agreement for cooperation with the world's largest manufacturer of electricity meters, part of the Siemens Group. As already mentioned, the board of SVM North Node has decided to investigate the possibilities of obtaining a stock exchange listing of the company's shares.



**Repeatit – radio-based solutions for fixed wireless broadband.** During the first quarter of 2004 the company has signed several new contracts, including an exclusive agreement with the Swedish Association of Owners of One- and Two-Family Houses (SVF) for the supply of fixed wireless broadband equipment to SVF members. The first installations have already been completed in the Luleå area of Northern Sweden. Repeatit's new president, Jan Gustavsson, has many years' experience of senior management in IT and telecoms, and joins the company after holding a similar position at Objecta AB, a member of the Trio Group.



**Voice Provider – voice-controlled services.** The company has taken a further stride on the way to becoming Scandinavia's leading supplier of voice-controlled services by securing its first order on the Danish market. The market for voice-controlled services has begun to pick up speed, and many major companies are now discussing the advantages of voice-controlled customer access, which is expected to form a major new market for the company.

## Divestments

It is part of Ledstiernan's strategy to gradually seek to dispose of minor portfolio holdings in companies that are not seen as being of strategic importance. Thus, during the first quarter of 2004, the Company's holding in Spreadskill AB was disposed of for a limited consideration.

# other information

## Ledstiernan's shares

Share liquidity has continued to grow. During the first quarter of 2004 shares in Ledstiernan were traded on all business days. A total of 50 million shares, corresponding to 36 per cent of the number of shares in issue, were traded for a total consideration of MSEK 188.

In conjunction with Ledstiernan's acquisition of Industrivärden's 22,5 per cent holding in Interpeak AB, Industrivärden acquired 1 000 000 shares in Ledstiernan, and now holds 3,25 per cent of the Company's issued share capital.

Also during the first quarter of 2004 Robur Fonder acquired 7 000 000 shares in Ledstiernan, representing 4,9 per cent of the Company's issued share capital, from some of its founders and major shareholders.

## Extraordinary General Meeting

At an Extraordinary General Meeting of shareholders held on 13 January 2004 it was resolved to authorize the Board to issue a maximum of 10 000 000 shares in the Company, to facilitate the acquisition of shares in companies whose operations fell within the sectors on which the Company focuses. Of the shares so issued, 3 564 616 were utilized in the acquisition of Industrivärden's holding in Interpeak AB. The total number of Ledstiernan shares in issue is thus 140 398 647.

## Annual General Meeting

At the Annual General Meeting of shareholders held on 31 March 2004, Märtha Josefsson was elected a

new member of the Company's Board of Directors, Lars Berg and Birgitta Klasén having declined re-election. It was resolved that no dividend be declared in respect of the financial year ended 31 December 2003.

## Accounting principles – portfolio valuation

Ledstiernan reports its investments at acquisition cost or anticipated market value, whichever is the lower. Before the publication of each interim report and of unaudited annual earnings figures, an assessment is made of each portfolio company to determine whether the value of the investment is above or below acquisition cost. If it is above, no change is made to the book value and the income statement is not affected; if it is below, the book value is written down to the assessed value, and this write-down is reflected in the income statement as a loss equivalent to the amount written down.

This Interim Report has been drawn up in accordance with the Swedish Financial Accounting Standards Council's recommendation RR 20. In all other respect that accounting principles applied are those applied in drawing up the Company's Annual Report for 2003.

## Significant events after 31 March 2004

At the beginning of April 2004 one of the portfolio companies, Hotsip, secured external financing totalling MEUR 5 from Bell Net of Japan. In this connection the postmoney value of the company was assessed at MEUR 35, equivalent to MSEK 322.

Stockholm, 29 April 2004  
Board of Directors  
Ledstiernan AB

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

### Financials:

Interim report Jan-June:	25 August 2004
Interim report Jan-Sept:	21 October 2004
Publication of unaudited annual earnings figures for 2004	February 2005

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# portfolio holdings

figures in SEK 000s

COMPANY	Date of acquisition	Present shareholding <sup>2)</sup>	Acquisition cost shareholding	Convertible loans	Other loans	Value on external	
						Total investment	transaction (post-money) <sup>3)</sup>
Columbitech AB	May 00	16,4%	16 630			16 630	20 484
Emic Networks Oy	June 02	23,5%	6 607		1 852	8 459	28 908
Gordion Infomakers AB	July 99	50,0%	25 808		6 080	31 888	
Hotsip AB	June 02	21,5%	24 185			24 185	59 727
Incomit AB	Aug 00	46,1%	68 035	7 753		75 788	
Interpeak AB	March 04	22,5%	14 098			14 098	
ipUnplugged AB	Jan 00	40,8%	80 278			80 278	72 933
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	
Mint AB	May 00	42,8%	48 848			48 848	
Repeatit AB	March 00	48,9%	17 457	5 296	322	23 075	
SVM North Node AB	1) May 01	35,3%	29 396	3 416		32 812	
the Phone Pages of Sweden AB	March 00	31,3%	28 350			28 350	
Voice Provider Sweden AB	1) Nov 00	21,3%	6 116			6 116	
<b>Acquisition cost of principal holdings</b>			<b>394 721</b>	<b>19 052</b>	<b>9 754</b>	<b>423 527</b>	
Write-downs						-109 333	
<b>Book value of principal holdings</b>						<b>314 194</b>	
Acquisition cost of other holdings			133 018	0	2 372	135 390	
Write-downs						-116 168	
Book value of other holdings						19 222	
<b>Total acquisition cost</b>			<b>527 739</b>	<b>19 052</b>	<b>12 126</b>	<b>558 917</b>	
Total write-downs						-225 501	
<b>Total book value</b>						<b>333 416</b>	

1) Ledstiernan has granted call options in respect of 5 percent of its total holding on an incentive basis.

2) Excluding convertible loans.

3) Excluding convertible loans and where financing has taken place during the past twelve months.

# income statement (figures in SEK 000s)

	2004 Q 1	2003 Q 1	2003 Full year
RESULT FROM PORTFOLIO HOLDINGS			
Exit profits	557	1 138	1 061
Write-downs	0	-13 228	-116 228
OTHER OPERATING INCOME	345	0	0
OPERATING COSTS			
Administrative costs	-4 905	-5 489	-18 397
Depreciation	-131	-250	-871
OPERATING LOSS	-4 134	-17 829	-134 435
Financial items	1 093	2 681	6 661
LOSS AFTER FINANCIAL ITEMS	-3 041	-15 148	-127 774
Tax	0	0	0
NET LOSS FOR THE PERIOD	-3 041	-15 148	-127 774
Average number of shares in issue	138 022 236	136 834 031	136 834 031
Number of shares at end period before/after dilution	140 398 647	136 834 031	136 834 031
Loss per share before/after dilution, SEK	-0,02 kr	-0,11 kr	-0,93 kr

# balance sheet

figures in SEK 000s

	040331	030331	031231
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
<i>Tangible fixed assets</i>	1 090	1 858	1 195
<i>Financial fixed assets</i>			
Participations in associated companies 1)	301 051	334 573	280 584
Other long-term holdings of securities 1)	32 365	32 719	32 495
<b>TOTAL FIXED ASSETS</b>	<b>334 506</b>	<b>369 150</b>	<b>314 274</b>
<b>CURRENT ASSETS</b>			
Short-term receivables	5 218	5 270	4 331
Short-term placements	50 000	170 160	19 918
Cash at the bank	81 550	36 197	122 636
<b>TOTAL CURRENT ASSETS</b>	<b>136 768</b>	<b>211 627</b>	<b>146 885</b>
<b>TOTAL ASSETS</b>	<b>471 274</b>	<b>580 777</b>	<b>461 159</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Restricted equity	63 340	547 875	49 260
Non-restricted equity	403 236	20 288	406 277
<b>TOTAL EQUITY</b>	<b>466 576</b>	<b>568 163</b>	<b>455 537</b>
<b>CURRENT LIABILITIES</b>			
Current, not interest bearing liabilities	4 698	12 614	5 622
<b>TOTAL CURRENT LIABILITIES</b>	<b>4 698</b>	<b>12 614</b>	<b>5 622</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>471 274</b>	<b>580 777</b>	<b>461 159</b>
1) Including shares and convertible loans			
<b>CHANGES IN EQUITY</b>	2004	2003	2003
	Jan-March	Jan-March	Jan-Dec
As at 1 January	455 537	583 311	583 311
New share issue	14 080	–	–
Loss for the period	-3 041	-15 148	-127 774
<b>AS AT END OF PERIOD</b>	<b>466 576</b>	<b>568 163</b>	<b>455 537</b>

# cash flow analysis (figures in SEK 000s)

	2004 Jan-March	2003 Jan-March	2003 Jan-Dec
<b>CURRENT OPERATIONS</b>			
Cash utilized by current operations	-3 404	-2 799	-11 717
Cash utilized by changes in working capital	-1 131	-3 388	-3 383
<b>CASH UTILIZED BY CURRENT OPERATIONS</b>	<b>-4 535</b>	<b>-6 187</b>	<b>-15 100</b>
<b>CASH UTILIZED BY INVESTMENT ACTIVITIES</b>	<b>-6 470</b>	<b>-19 266</b>	<b>-74 134</b>
<b>FINANCING ACTIVITIES</b>			
Amortization of loan	0	-10 134	-10 156
<b>CASH UTILIZED BY FINANCING ACTIVITIES</b>	<b>0</b>	<b>-10 134</b>	<b>-10 156</b>
<b>CASH FLOW FOR THE YEAR</b>	<b>-11 005</b>	<b>-35 587</b>	<b>-99 390</b>
Liquid assets at beginning of period	142 554	241 944	241 944
<b>LIQUID ASSETS AT END OF PERIOD</b>	<b>131 549</b>	<b>206 357</b>	<b>142 554</b>

## key ratios

	040331	031231	021231	011231
Loss for the period, MSEK	-3	-128	-130	-197
Loss per share, SEK	-0,02	-0,93	-1,06	-1,81
Equity, MSEK	467	456	583	581
Equity per share, SEK	3,32	3,33	4,26	5,33
Equity/assets ratio, %	99	99	96	98
Capital invested in existing portfolio, MSEK	559	547	576	503
Capital invested per share, SEK	3,98	3,99	4,21	4,62
Book value of portfolio, MSEK	333	313	357	358
Book value of portfolio per share, SEK	2,37	2,29	2,61	3,29
Liquid assets per share, SEK	0,94	1,04	1,69	2,09
Administrative costs/average equity, % 1)	3,44	3,54	4,14	7,79
Shares in issue, 000s	140 399	136 834	136 834	108 954
Share price at end period, SEK	3,54	2,80	3,10	6,45
Market value, MSEK	497	383	424	703
Number of employees at end period	9	9	9	11

1) Based on a current 12-months period.