

ALLGON AB
INETRIM REPORT

JANUARY 1 - MARCH 31 2003

- Weak market in North America
- Agreements entered into with Aldridge Electric and Marconi
- Continued reduction of expenses
- Conciliation of lawsuits
- The Allgon share delisted from the stock exchange

SEK M	Jan - Mar 200 3	Jan-Mar 2002 excludin g AMC*	Jan - Mar 200 2
Orders received	196	286	376
Net sales	228	283	367
Operating income before items affecting comparability	-10	-41	-39
Operating income	-6	-41	-39
Income after financial income/expenses	-11	-47	-45

* Jan - Mar 2002 for the remaining business areas, i.e. excluding Allgon Mobile Communications (AMC) which was divested of in November 2002

MARKET

The markets in America and China were weak whilst the European market was stable.

March, which is normally a strong month, was weak in all markets. Market concerns over the war in Iraq are probably the most important reason for this.

In particular, the market for base station antennas in the USA was weak, whereas the market for repeaters, coverage projects and microwave links are on a par with

the corresponding quarter in the previous year.

GROUP NET SALES AND ORDERS RECEIVED

Net sales fell to SEK 228M (367) MSEK. Of this fall, SEK 84 M is attributable to business area Allgon Mobile Communications which was divested during 2002 and, in addition, to base station antennas and TDMA combiners in North America.

Orders received fell to SEK 196M (376). Of the amount from the previous year SEK 90M is attributable to Allgon Mobile Communications. In addition, orders received for the first quarter were affected by SEK 15M due to changed order routines with an OEM customer.

The contract with Aldridge Electric* relating to the coverage solution for the Chicago Subway, which is Allgon's largest individual order ever, will be included in orders received for future quarters.

ALLGON SYSTEMS

Net sales fell to SEK 203M (264).

Sales of base stations were strong in Europe whilst sales were weak in the USA and China.

Sales of **repeaters and coverage solutions** are on a par with the previous year but with increased activities in the American market.

Sales of **TDMA-combiners** continue to fall and sales of **filter panels** for UMTS and CDMA were weak during the quarter.

Operating income improved to SEK -4M (-17). It was positively affected by SEK 1M (5) attributable to capitalization of expenditure for the development of new products.

ALLGON MICROWAVE

Net sales increased to SEK 25M (19).

The quarter was the best ever for the business area and the Russian market, in particular, remains strong. During the quarter, an agreement was signed with Marconi* and deliveries have started. Marconi is expected to become an important customer for Allgon Microwave.

Operating income improved to SEK -2M (-16). The previous year's

Comparative figures for the corresponding period in the previous year are stated in brackets, unless otherwise stated.

operating income includes a positive effect of SEK 1M attributable to capitalization of expenditure for the development of new products.

** see news releases dated March 18 and 27, 2003, respectively*

GROUP RESULTS

Allgon's operating income improved to SEK -6M (-39) and income after financial items to SEK -11M (-45).

Income was positively affected by SEK 18M relating to dissolution of provision for undertakings attributable to the sale of business area Wireless Solutions in 2001, in which

conciliation of lawsuits has been achieved.

In addition, income was affected by SEK 14M relating to bid costs attributable to LGP Telecom Holding AB's offer to Allgon's shareholders.

The year's income includes a positive effect of SEK 1M net (12) attributable to capitalization of expenditure for the development of new products. The year's financial income/expense includes costs for raising new credit facilities of SEK 2M.

The gross margin increased in relation to the fourth quarter of 2002 despite lower sales. This is largely a result of implemented product rationalizations and a favorable product mix. However, the gross margin fell compared with the first quarter of 2002.

The reduction of expenses is also significant in relation to the fourth quarter of 2002. This is mainly a result of implemented action programs.

Income after financial items would have been SEK 4M (6) lower had Allgon not had any hedging. On the closing date, there were forward contracts, which have not yet been taken to income, amounting to USD 4M signed at an average call rate of SEK 8.53.

FINANCIAL POSITION

At March 31, 2003, the equity ratio amounted to 44 percent (December 31, 2002: 42 percent).

Cash flow after investment operations for the period amounted to SEK -59M (-17) and net borrowing, excluding the balance on guarantee fund accounts of SEK 33M (25), to SEK 170M (December 31, 2002: SEK 113M). The majority of the increase in net borrowing was caused by the payment in connection with the conciliation of the aforementioned lawsuits and by bid costs. Promised but not utilized credit facilities amounted to SEK 60M (150) at the period end.

CAPITAL EXPENDITURE

For the period, capital investments in buildings and land, and machinery and equipment amounted to SEK 5M (6) gross, of which SEK 3M relates to expenditure for real estate mortgages. Investments in intangible fixed assets amounted to SEK 4M gross (12) for the period.

PARENT COMPANY

Operations in the parent company, Allgon AB (publ), consist of Group co-ordination tasks such as Group management, Group reporting, finance management and IT co-ordination. Assets consist mainly of shares in subsidiaries. During 2002, net sales amounted to SEK 0M (0) and income after financial items to SEK 7M (-8).

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Against the background of the fact that LGP Telecom Holding AB has completed its offer to the shareholders in Allgon, the Allgon share was delisted from the OM Stockholm Exchange on April 22, 2003.

Allgon's Annual General Meeting on April 29 appointed Bengt Broman, Claes Silfverstolpe and Johan Ek as new Board Members.

As a consequence of the merger with LGP Telecom Holding AB, Jeff

Comparative figures for the corresponding period in the previous year are stated in brackets, unless otherwise stated.

Bork, President and CEO, and Tomas Kihlstrand, CFO, have left Allgon.

ACCOUNTING AND VALUATION PRINCIPLES

The same accounting principles and calculation methods have been applied in this Interim Report as in the latest Annual Report. The new recommendations from the Swedish Financial Accounting Standards Council which apply from 2003 have no effect on the company's results and position.

This Interim Report has not been the subject of examination by Allgon's Auditors.

FUTURE INFORMATION DATES:

From the Interim Report for the period January - June 2003, Allgon will be included in Telecom Holding AB's Interim Report which will be published on July 11, 2003 (www.lgp.se).

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Täby, May 6, 2003
Allgon AB (publ)

Board of Directors

JANUARY-MARCH 2003

Consolidated statement of income	2003	2002	Apr 2002	2002
<u>in summary (SEK M)</u>	<u>Jan-Mar</u>	<u>Jan- Mar</u>	<u>-Mar 2003</u>	<u>Jan-Dec</u>
Net sales	228	367	1 272	1 411
Cost for sold goods	-174	-270	-1 015	-1 111
Gross income	54	97	257	300
Selling expenses	-24	-54	-158	-188
Administrative expenses	-14	-24	-94	-104
Research and development expenditure	-28	-58	-190	-220
Other operating income/expenses	2	0	9	7
Items affecting comparability	4	-	117	113
Operating income	-6	-39	-59	-92
Financial income/expense	-5	-6	-23	-24
Income after financial items	-11	-45	-82	-116
Taxes	1	12	7	18
Minority interest	-1	0	-3	-2
Net income for the period	-11	-33	-78	-100
Income per share before and after dilution (SEK)	-0,36	-1,14	-2,65	-3,43
Number of shares at the period end (000)	29 266	29 266	29 266	29 266
Average number of shares (000)	29 266	29 266	29 266	29 266
Consolidated balance sheet	2003	2002	2003	2002
<u>In summary (SEK M)</u>	<u>31 Mar</u>	<u>31 Mar</u>	<u>31 Mar</u>	<u>31 Dec</u>
Assets				
Intangible fixed assets	32	28	32	32
Tangible fixed assets	330	424	330	339
Financial fixed assets	89	20	89	86
Inventories	229	269	229	231
Current receivables	270	396	270	286
Cash and bank	71	111	71	112
Total assets	1 021	1 248	1 021	1 086
Equity and liabilities				
Shareholders' equity	440	537	440	453
Minority interest	5	5	5	3
Provisions	161	113	161	234
Long-term liabilities	152	220	152	154
Current liabilities	263	373	263	242
Total equity and liabilities	1 021	1 248	1 021	1 086
Pledged assets	300	-	300	-
Contingent liabilities	20	36	20	21

	2003	2002	Apr 2002 -Mar 2003	2002
Cash flow analysis (SEK M)	Jan-Mar	Jan-Mar	2003	Jan-Dec
Cash flow from current operations before changes in working capital	-46	-41	-89	-84
Change in working capital	-3	30	34	67
Cash flow from current operations	-49	-11	-55	-17
Cash flow from investment operations	-10	-6	69 ₁₎	73 ₁₎
Cash flow before financial operations	-59	-17	14	56
Cash flow from financial operations	39	-7	-61	-107
The period's cash flow	-20	-24	-47	-51

	2003	2002	Apr 2002 -Mar 2003	2002
Key figures	Jan-Mar	Jan- Mar	2003	Jan-Dec
Orders received (SEK M)	196	376	1 272	1 452
Operating margin (%)	-3	-11	-5	-7
Profit margin (%)	-5	-9	-6	-6
Return on capital employed in operations (%)	-4	-22	-9	-15
Return on equity (%)	-9	-24	-16	-19
Equity ratio (%)	44	44	44	42
Interest-bearing liability (SEK M)	208	293	208	171
Net debt (MSEK) ²⁾	170	207	170	113
Average number of full-time employees	524	912	733	848
Capital expenditure in intangible fixed assets (SEK M)	4	12	37	45
Capital expenditure in tangible fixed assets (SEK M)	5	6	21	22
Depreciation of intangible fixed assets (SEK M)	-4	-2	-13	-11
Depreciation of tangible fixed assets (SEK M)	-13	-21	-74	-82
Equity per share (SEK)	15	18	15	15

	2003	2002	Apr 2002 -Mar 2003	2002
Net sales distributed by region (SEK M)	Jan-Mar	Jan- Mar	2003	Jan-Dec
Europe	115	107	538	530
North & South America	80	195	506	621
Asia	31	65	218	252
Rest of the world	2	-	10	8
Total	228	367	1 272	1 411

	2003	2002	Apr 2002 -Mar 2003	2002
Net sales distributed on product areas (SEK M)	Jan-Mar	Jan- Mar	2003	Jan-Dec
Remaining product areas	228	283	1 089	1 144
Divested product areas		84	183	267
Total	228	367	1 272	1 411

1) SEK 155M relates to the sale of
Mobile Communications.

2) Excluding guarantee fund accounts

ALLGON AB, JANUARY 1 - MARCH 31, 2003

Operating income distributed on: (SEK M)	2003 Jan-Mar	2002 Jan-Mar	Apr 2002 -Mar 2003	2002 Jan-Dec
Remaining operations	-6	-42	-52 ₃₎	-88 ₃₎
Divested operations		3	-7	-4
Total	-6	-39	-59	-92

QUARTERLY VALUES

Consolidated statement of income in summary (SEK M)	2003 Jan-Mar	2002 Oct-Dec	2002 Jul-Sep	2002 Apr-Jun	2002 Jan-Mar
Net sales	228	354	337	353	367
Cost for sold goods	-174	-283	-286	-272	-270
Gross income	54	71	51	81	97
Selling expenses	-24	-30	-54	-50	-54
Administrative expenses	-14	-20	-39	-21	-24
Research and development expenditure	-28	-37	-69	-56	-58
Other operating income/expenses	2	5	-6	8	0
Items affecting comparability	4	113	-	-	-
Operating income	-6	102	-117	-38	-39
Financial income/expense	-5	-3	-4	-11	-6
Income after financial items	-11	99	-121	-49	-45
Taxes	1	-44	34	16	12
Minority interest	-1	-	-1	-1	0
Net income for the quarter	-11	55	-88	-34	-33
Earnings per share before and after dilution (SEK)	-0.36	1.86	-3.01	-1.14	-1.14
Number of shares at the period end (000)	29 266	29 266	29 266	29 266	29 266
Average number of shares (000)	29 266	29 266	29 266	29 266	29 266

3) Includes capital gain of SEK 113M on the
divestment of business area Mobile
Communications.

ALLGON AB, JANUARY 1 - MARCH 31, 2003

Consolidated balance sheet in summary (SEK M)	2003 31 Mar	2002 31 Dec	2002 30 Sep	2002 30 Jun	2002 31 Mar
Assets					
Intangible fixed assets	32	32	40	38	28
Tangible fixed assets	330	339	371	399	424
Financial fixed assets	89	86	113	82	20
Inventories	229	231	258	279	269
Current receivables	270	286	317	333	396
Cash and bank	71	112	79	94	111
Total assets	1 021	1 086	1 178	1 225	1 248
Equity and liabilities					
Shareholders' equity	440	453	405	491	537
Minority interest	5	3	3	5	5
Provisions	161	234	195	152	113
Long-term liabilities	152	154	209	207	220
Current liabilities	263	242	366	370	373
Total equity and liabilities	1 021	1 086	1 178	1 225	1 248
Pledged assets	300	-	-	-	-
Contingent liabilities	20	21	36	36	36
Key figures	2003 Jan-Mar	2002 Oct-Dec	2002 Jul-Sep	2002 Apr-Jun	2002 Jan-Mar
Orders received (SEK M)	196	341	369	366	376
Operating margin (%)	-3	29	-35	-11	-11
Profit margin (%)	-5	15	-26	-9	-9
Equity ratio (%)	44	42	35	41	44
Interest-bearing liability (SEK M)	208	171	281	256	293
Net liability (SEK M) 2)	170	113	225	183	207
Average number of full-time employees	524	672	862	874	912
Cash flow before financial operations (SEK M)	-59	102	-47	18	-17
Capital expenditure in intangible fixed (SEK M)	4	7	14	12	12
Capital expenditure in tangible fixed assets (SEK M)	5	6	5	5	6
Depreciation of intangible fixed assets (SEK M)	-4	-3	-3	-3	-2
Depreciation of tangible fixed assets (SEK M)	-13	-16	-24	-21	-21
Equity per share (SEK)	15	15	14	17	18
Net sales distributed by region (SEK M)	2003 Jan-Mar	2002 Oct-Dec	2002 Jul-Sep	2002 Apr-Jun	2002 Jan-Mar
Europe	115	181	127	115	107
North & South America	80	109	149	168	195
Asia	31	62	56	69	65
Rest of the world	2	2	5	1	-
Total	228	354	337	353	367

2) Excluding guarantee fund accounts.

Net sales distribute on product areas	2003	2002	2002	2002	2002
(SEK M)	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Remaining product areas	228	318	261	282	283
Divested product areas		36	76	71	84
Total	228	354	337	353	367

Operating income distributed on:	2003	2002	2002	2002	2002
(SEK M)	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Remaining operations	-6	97	-108	-35	-42
Divested operations		5	-9	-3	3
Total	-6	102	-117	-38	-39

NOTES

Change in consolidated equity	2003	2002
(SEK M)	Jan-Mar	Jan-Mar
Equity brought forward in accordance with the balance sheet at December 31	453	576
Translation difference	-2	-6
Net income for the period	-11	-33
Equity carried forward in accordance with the balance sheet at March 31	440	537

3) Includes capital gain of SEK 113M on the divestment of business area Mobile Communications.