

NOVESTRA

YEAR-END REPORT FOR THE FINANCIAL YEAR 2003 JANUARY 1 – DECEMBER 31, 2003 (including interim report for Q4) for AB Novestra (publ.) corporate identity No. 556539-7709

- The net result for the period amounted to MSEK 20.1 (–186.4) which corresponds to a result amounting to SEK 0.8 (–8.0) per share. Shareholders' equity as at December 31, 2003 amounted to MSEK 292.5 (223.9) corresponding to SEK 9.4 (9.6) per share. Equity/asset ratio amounted to 90.4% (98.1).
 - Cash and cash equivalents, including investments made within the liquidity management and accounted for as current investments, amounted to MSEK 46.0 (68.1) corresponding to SEK 1.5 (2.9) per share. Together with the public holdings, liquid assets amounted to MSEK 137.3 (including unrealised surplus values) as at December 31, 2003. After investments, the cash flow for the period amounted to MSEK –55.6 (–66.5) of which net investments amounted to MSEK –71.9 (–58.4).
 - Revenue in the non-public portfolio companies has increased, on average, by 46% during the year compared to the previous year. All non-public portfolio companies showed improvements in results compared to the previous year. At the year-end 2003, all directly and indirectly owned non-public portfolio companies showed positive cash flows. The initial indications from the non-public portfolio companies for the development 2004 are, without exception, positive.
 - Following the rights issue implemented during the 4th quarter, which provided the company with MSEK 48.5, Novestra has made a number of investments in public companies. At the close of January 2004, Novestra's unrealised result in the public portfolio amounted to approximately MSEK 25.2 corresponding to SEK 0.8 per share.
 - Currently, Novestra has no investment commitments in the individual portfolio companies. If the development in the non-public as well as the public portfolio continues to be stable, there are good prospects for further improvements in 2004 compared to 2003.
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All amounts are given in SEK thousands, unless otherwise indicated.

SIGNIFICANT EVENTS DURING THE PERIOD

During the year, the development in the portfolio companies has continued to be positive and revenue in the non-public portfolio companies has increased, on average, by 46% during the year compared to the previous year. All directly and indirectly owned non-public portfolio companies showed improvements in results compared to the previous year. At the year-end 2003, all directly and indirectly owned non-public companies showed positive cash flows.

During the year, Novestra has made additional investments in Strax Holdings, Inc. of MSEK 3.8 and MyPublisher, Inc. of MSEK 8.7 as well as in Continuum Group Ltd of MSEK 4.7. Together with the main shareholders in Explorica and MyPublisher, Novestra participated in temporary bridge financings in these companies in order to enable continued rapid growth. Novestra's share in the loans amounted to MSEK 4.2 of which MSEK 2.4 has been repaid as per the year-end.

In order to take advantage of a number of investment opportunities in the current market situation, Novestra's Board of Directors resolved in September 2003 to increase Novestra's shareholders' equity through a preferential rights issue. The decision was unanimously approved by an Extraordinary General

Meeting. After the implementation of the rights issue, Novestra's total share capital is SEK 31 187 973 distributed over an equal number of shares. Following the rights issue, which provided the company with MSEK 48.5 (after transaction costs), Novestra has made a number of investments in public companies, i.a. IBS AB, inWarehouse AB, JC AB and Pergo AB.

Novestra reduced its administration expenses by 40% compared to the same period the previous year. Furthermore, Novestra currently has a number of advisory commissions through which the company has an opportunity to continue to generate revenues which contribute to cover the administration expenses.

As a further step in the restructuring of its corporate structure initiated in 2002, Novestra disposed of all of its subsidiary companies. Consequently, Novestra no longer prepares any consolidated financial statements. The reporting, as from the interim report No. 2/2003 and henceforth, therefore only covers AB Novestra¹.

Novestra has revalued its non-public holdings continuously which, during the past two financial years, resulted in substantial write-downs. The valuation of the holdings has always been made applying a conservative approach. Since the development in the non-public portfolio companies has been very positive during 2003, the Board of Directors has resolved to reverse some of the write-downs previously made. The write-downs that have been reversed are MSEK 11.8 in Strax Holdings, Inc., MSEK 9.0 in Continuum Group Ltd, and MSEK 5.0 in DCM, Digital Communications Media AB. In addition, the Board of Directors has resolved a write-down of the holding in Netsurvey Bolinder AB of MSEK 10.0.

In the past year, a number of foreign institutions, one of which is Deutsche Bank, have become new shareholders in Novestra and they have indicated that their investments in Novestra are long-term.

Furthermore, Novestra's Board of Directors has resolved on a new dividend policy by which the company aims at distributing 50% of its net profit, commencing for the financial year 2004.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

Novestra's smallest investment in public holdings, Modul 1 Data AB, has been entirely disposed of. The total profit from the investment amounted to MSEK 3.6 corresponding to an IRR of 108%.

In January 2004, Novestra has made an indirect investment of MEK 2.1 in Canal Plus Television AB.

FUTURE DEVELOPMENTS

Novestra's non-public portfolio companies have reached revenues and result levels that make them less dependent on new capital and the financial market than in previous years. Prospects are good for growth among the portfolio companies as well as continued improvements in results in 2004.

Even if Novestra continues to see interesting investment opportunities in public companies, the greatest value potential in Novestra's portfolio is currently to be found among the rapidly growing companies in the non-public portfolio. The initial indications from the non-public portfolio companies for 2004 are, without exception, positive.

During 2003, there has been a considerable revaluation of public small companies. If this development lasts, the possibilities of exits at attractive valuations in the non-public portfolio will increase.

In the non-public portfolio, Novestra has unrealised write-downs totalling MSEK 52.7 corresponding to SEK 1.7 per share. All of these companies have had a positive development and currently have substantial business operations and significant revenues.

The value of unrealised results in Novestra's public portfolio at the close of January 2004 amounted to MSEK 25.2 corresponding to SEK 0.8 per share.

¹ In the previously prepared consolidated financial statements, the associated companies' results and shareholders' equity were consolidated according to the equity method which, with the exception of the associated companies' result, also included depreciation of goodwill. These consolidation adjustments were charged to the group's shareholders' equity by MSEK 37. This charge does not exist in the company (the holding company), since the associated companies, in accordance with the accounting principles applied, are accounted for as acquisition cost, or the written down value which has been evaluated to correspond to the market value.

TERMS OF EMPLOYMENT FOR THE MANAGING DIRECTOR AND THE CHAIRMAN

The compensation to Novestra's Managing Director, Peter Ekelund, amounts to KSEK 125 (90) per month as from January 1, 2004. The agreement has a reciprocal period of notice of 12 months (6). In accordance with previous agreements, pension is paid in accordance with the ITP plan and the company defrays customary health insurance. The Board of Directors resolved to grant Peter Ekelund a discretionary bonus for 2003 amounting to KSEK 375.

During 2003, the compensation to Novestra's working Chairman, Theodor Dalenson, amounted to KSEK 460 (excluding directors' remuneration of KSEK 50). The Board of Directors has resolved to employ Theodor Dalenson as from January 1, 2004. Salary and other benefits consist of a monthly salary of KSEK 115 and pension in accordance with the ITP plan. The agreement has a reciprocal period of notice of 6 months.

Novestra has no employment agreements which include severance pay.

Novestra neither has nor plans to have any options programme for the management and employees. Therefore, the Board of Directors has resolved on a bonus programme based on results for 2004 and onwards for Peter Ekelund and Theodor Dalenson which is subject to the approval of the Annual General Meeting on May 6, 2004. The terms for the bonus programme will be presented in conjunction with the notice to the Annual General Meeting.

RESULT AND FINANCIAL POSITION JANUARY 1 – DECEMBER 31, 2003

The company's net result for the period amounted to 20 136 (-186 378). The result includes gross profit from investment activities amounting to 29 184 (-161 681), gross profit from other operations of 3 018 (-), administration expenses of -12 276 (-20 604) and net financial items of 210 (-4 260). Total assets as at December 31, 2003 amounted to 323 588 (228 241), of which shareholders' equity was 292 525 (223 862) corresponding to an equity/assets ratio of 90.4% (98.1). Current liabilities to credit institutes amounted to 25 035 (-).

Investments

During the period, investments in tangible fixed assets amounted to 457 (25) and investments in financial fixed assets amounted to 115 432 (77 606).

Liquidity management

As at December 31, 2003, cash amounted to MSEK 11.0 (18.1) and, together with various investments (accounted for as current investments), with an availability of between three days and three months, cash and cash equivalents amounted to MSEK 46.0 (68.1). Novestra's portfolio of public holdings means that an addition approximately MSEK 100 (including unrealised surplus values) of Novestra's assets are possible to convert into liquid assets within a relatively short period of time. Novestra has unutilized credit facilities amounting to MSEK 40.

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's Recommendation No. 20. There has been no change to the accounting and valuation principles used in the last annual report. As of January 1, 2003, Novestra applies the new recommendations from the Swedish Financial Accounting Standards Council which came into force on both January 1, 2002 and January 1, 2003. However, these new recommendations have not had any impact on the company's accounts. As of January 1, 2004, Novestra applies the Swedish Financial Accounting Standards Council's Recommendation No. 29; it is estimated, however, that this will not have any essential impact on the company's financial position and performance.

DIVIDEND

The Board of Directors and the Managing Director propose that no dividend be declared for the financial year 2003.

OTHER INFORMATION

The total number of shareholders as at December 31, 2003 was approx. 3,700 (3,600).

The Annual Report will be sent by post to AB Novestra's shareholders and will be available at AB Novestra, Norrlandsgatan 16, Stockholm, Sweden from April 2004.

The Annual General Meeting will be held on May 6, 2004 at 5.00 p.m. Information regarding the venue will be announced in conjunction with the notice.

As from the financial year 2003, Novestra's financial year annually covers the period from January 1 to December 31.

Financial calendar:

Annual Report 2003 April 2004

Annual General Meeting as well as
Interim Report for the 1st quarter 2004 (January 1 – March 31, 2004) May 6, 2004

Bulletin from the Annual General Meeting May 7, 2004

This year-end report has not been subject to any audit by the company's auditor.

Stockholm February 17, 2004

Peter Ekelund

Managing Director

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Company information:

Corporate identity number: 556539-7709
Registered Office: Stockholm, Sweden

THIS INTERIM REPORT HAS BEEN PREPARED IN SWEDISH AND TRANSLATED INTO ENGLISH. IN THE EVENT OF ANY DISCREPANCIES BETWEEN THE SWEDISH AND THE TRANSLATION, THE FORMER SHALL HAVE PRECEDENCE.

NOVESTRA'S HOLDINGS AS AT DECEMBER 31, 2003, MSEK

PORTFOLIO COMPANIES

NON-PUBLIC HOLDINGS	Bal. b/f	INVESTED	DIVESTED	WRITE-DOWNS	BOOK VALUE	OWNER-
	July 1, 2001				bal. c/f ¹	SHIP, % ²
CONTINUUM GROUP LTD.	21.4	4.7	-	9.0	35.1	12.3
DALLAS STHLM DDG AB	0.4	-	-	-	0.4	7.0
DCM AB	3.5	-	-	5.0	8.5	5.7
EXPLORICA, INC.	12.6	-	-	-	12.6	13.6
MYPUBLISHER, INC.	37.2	8.7	-	-	45.9	28.6
NETSURVEY BOLINDER AB	22.8	-	-	-10.0	12.8	45.3
QBRANCH AB	53.8	-	-	-	53.8	25.0
STRAX HOLDINGS, INC.	3.0	3.8	-	11.9	18.7	19.3
OTHER	-	0.2	-	-	0.2	n/a
TOTAL NON-PUBLIC HOLDINGS	154.7	17.4	-	15.9	188.0	
PUBLIC HOLDINGS						
IBS AB (publ)	-	13.5	-0.4	-	13.1	1.7
INWAREHOUSE AB (publ)	-	7.8	-	-	7.8	12.7
JC AB (publ)	-	19.0	-	-	19.0	6.7
LAGERCANTZ GROUP AB (publ)	-	8.1	-	-	8.1	1.2
MODUL 1 DATA AB (publ)	-	9.1	-1.9	-	7.2	7.5
PERGO AB (publ)	-	16.9	-	-	16.9	2.2
OTHER	-	7.9	-	-	7.9	n/a
TOTAL PUBLIC HOLDINGS	-	82.3	-2.3	-	80.0	
Liquidity management	50.0	10.0	-25.0	-	35.0	
TOTAL INVESTMENTS	204.7	109.7	-27.3	15.9	303.0	

1 Book value in AB Novestra, according to the acquisition cost method, as at December 31, 2003.

2 Before dilution and exercise of options etc.

SPECIFICATION PUBLIC COMPANIES	NUMBER OF SHARES (No.)	ACQUISITION PRICE (SEK)	ACQUISITION COST (TSEK)	MARKET PRICE (SEK)	MARKET VALUE (TSEK)	CHANGE IN VALUE (%)
IBS AB (publ)	1 274 000	10.31	13 135	13.30	16 944	29.0
INWAREHOUSE AB (publ)	8 622 422	0.90	7 770	1.35	11 640	49.8
JC AB (publ)	623 805	30.39	18 960	31.50	19 650	3.6
LAGERCANTZ GROUP AB (publ)	345 000	23.62	8 148	22.50	7 763	-4.7
MODUL 1 DATA AB (publ)	6 058 050	1.19	7 237	1.37	8 300	14.6
PERGO AB (publ)	1 194 700	14.12	16 870	16.20	19 354	14.7
ÖVRIGT	n/a	n/a	7 845	n/a	7 650	-2.5
SUMMA			79 965		91 301	14.2

As at January 31, 2004, Novestra had invested a total of KSEK 82 203 in public companies. The market value at the same time amounted to KSEK 107 430, unrealised gains amounted to KSEK 25 227 corresponding to 30.7%

THE DEVELOPMENT IN THE NON-PUBLIC PORTFOLIO COMPANIES DURING THE PERIOD COMPARED TO THE SAME PERIOD 2002

Company	Revenue development	Result development	Cash flow during the period
DCM AB	Neutral	Positive	Positive
Explorica, Inc.	Increased	Positive	Neutral
MyPublisher, Inc.	Increased	Positive	Negative
Netsurvey AB	Neutral	Positive	Positive
Qbranch AB	Neutral	Positive	Positive
Strax Holdings, Inc.	Increased	Positive	Positive
Via Continuum Group Ltd:			
B2 Bredband AB	Increased	Positive	Negative
Bibit Billing Services B.V.	Increased	Positive	Positive
Speedera Networks, Inc.	Increased	Positive	Positive

For information regarding the portfolio companies with regard to business operations and financial data, please see Novestra's latest annual report and the prospectus published in September 2003.

AB NOVESTRA

INCOME STATEMENTS (SEK THOUSANDS)	2003	2002	2003	2002	2001/2002
	(12 months) January 1 – Dec 31	(12 months) January 1 – Dec 31	(3 months) Oct 1 – Dec 31	(3 months) Oct 1 – Dec 31	(18 months) July 1 – Dec 31
INVESTMENT ACTIVITY					
Result from shares and participations ¹	13 314	-31 836	394	-2 054	-55 992
Write-downs	15 870	-129 845	15 870	-39 929	-155 717
Gross profit investment activity	29 184	-161 681	16 264	-41 983	-211 709
OTHER OPERATIONS					
Income from other operations	3 018	-	342	-	-
Gross profit other operations	3 018	-	342	-	-
GROSS PROFIT					
	32 202	-161 681	16 606	-41 983	-211 709
Administrative expenses ²	-12 276	-20 604	-4 410	-6 739	-28 195
Operating income	19 926	-182 285	12 196	-48 722	-239 904
RESULT FROM FINANCIAL INVESTMENTS					
Net financial items	210	-4 260	-460	-599	-2 409
Result after financial items	20 136	-186 545	11 736	-49 321	-242 313
Appropriations	-	167	-	167	167
Current taxes	-	-	-	-	-
RESULT FOR THE PERIOD	20 136	-186 378	11 736	-49 154	-242 146
Result per share (SEK)	0,8	-8,0	0,4	-2,1	-10,4
Average number of shares during the period	24 925 618	23 390 980	29 479 490	23 390 980	23 390 980
KEY RATIOS					
	2003	2002	2003	2002	2001/2002
	(12 months)	(12 months)	(3 months)	(3 months)	(18 months)
	January 1 – Dec 31	January 1 – Dec 31	Oct 1 – Dec 31	Oct 1 – Dec 31	July 1 – Dec 31
FINANCIAL KEY RATIOS					
Shareholders' equity, MSEK	292.5	223.9	292.5	223.9	223.9
Equity/assets ratio, %	90.4	98.1	90.4	98.1	98.1
Cash flow after investments, MSEK	-55.6	-66.5	-14.1	-14.1	-122.1
DATA PER SHARE					
Shareholders' equity, SEK	9.4	9.6	9.4	9.6	9.6
Result, SEK	0.8	-8.0	0.4	-2.1	-10.4
NUMBER OF SHARES ETC.					
Number of shares at the end of the period	31 187 973	23 390 980	31 187 973	23 390 980	23 390 980
Average number of shares during the period	24 925 618	23 390 980	29 479 490	23 390 980	23 390 980

¹ 4 689 of the result for the period relate to the liquidity management.

² Depreciation for the period amounted to -268 (-478). The total depreciation relates to tangible fixed assets pertaining to administration.

AB NOVESTRA

BALANCE SHEETS (SEK THOUSANDS)	December 31, 2003	December 31, 2002
ASSETS		
FIXED ASSETS		
Tangible fixed assets:		
Equipment	630	481
Financial fixed assets:		
Investments in group companies	-	210
Investments in associated companies	66 682	76 682
Shares and participations	201 474	128 205
Other long-term receivables	-	-
	<u>268 156</u>	<u>205 097</u>
Total fixed assets	268 786	205 578
CURRENT ASSETS		
Current receivables:		
Other receivables	5 167	4 557
Prepaid expenses and accrued income	3 626	-
	<u>8 793</u>	<u>4 557</u>
Investments:		
Other investments	35 000	-
Cash and bank	11 009	18 106
Total current assets	54 802	22 663
TOTAL ASSETS	323 588	228 241
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Restricted equity:		
Share capital	31 188	23 391
Restricted reserves	241 201	442 617
	<u>272 389</u>	<u>466 008</u>
Unrestricted equity:		
Unrestricted reserves	-	-
Result for the period	20 136	-242 146
	<u>20 136</u>	<u>-242 146</u>
Total shareholders' equity	292 525	223 862
Current liabilities:		
Liabilities to credit institutions	25 035	-
Accounts payable	349	501
Other liabilities	3 851	1 497
Accrued expense and deferred income	1 828	2 381
	<u>31 063</u>	<u>4 379</u>
Total liabilities	31 063	4 379
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	323 588	228 241

CHANGE IN SHAREHOLDERS' EQUITY DURING THE PERIOD (SEK THOUSANDS)	2003 (12 months) January 1 – Dec 31	2001/2002 (18 months) July 1 – Dec 31
RESTRICTED EQUITY		
At the beginning of the period	466 008	570 921
New share issue	48 527	-
Transferred from (+)/to (-) unrestricted equity	-242 146	-104 913
At the end of the period	272 389	466 008
UNRESTRICTED EQUITY		
At the beginning of the period	-242 146	-104 913
Result for the period	20 136	-242 146
Transferred from (+)/to (-) restricted equity	242 146	104 913
At the end of the period	20 136	-242 146
TOTAL SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD	292 525	223 862

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FUNDS STATEMENT (SEK THOUSANDS)	2003 (12 months) January 1 – Dec 31	2002 (12 months) January 1 – Dec 31	2001/2002 (18 months) July 1 – Dec 31
FUNDS PROVIDED			
Result after financial items	20 136	-186 545	-242 313
Adjustment for transactions not included in cash flow etc.	-26 427	170 184	220 424
	-6 291	-16 361	-21 889
Taxes paid	-	-	-
Funds provided from operations before changes in working capital	-6 291	-16 361	-21 889
Details of changes in working capital:			
Increase (-)/decrease (+) in current receivables	-4 117	7 273	5 418
Increase (+)/decrease (-) in current liabilities	26 684	930	-3 196
Funds provided from operations	16 276	-8 158	-19 667
INVESTMENT ACTIVITIES			
Investment in tangible fixed assets	-457	-25	-86
Investments in financial fixed assets	-110 427	-72 840	-138 485
Proceeds from sale of financial fixed assets	38 984	14 515	36 123
Funds from investment activities	-71 900	-58 350	-102 448
FINANCING ACTIVITIES			
New share issue	48 527	-	-
Funds from financing activities	48 527	-	-
Total cash flow	-7 097	-66 508	-122 115
Cash and bank at the beginning of the period	18 106	84 614	140 221
CASH AND BANK AT THE END OF THE PERIOD¹	11 009	18 106	18 106

¹ Excluding 35 000 within in the liquidity management accounted for as other current investments. Cash and bank, including investments within the liquidity management, amounted to 46 009 (68 106) as at December 31, 2003.