

**INTERIM REPORT NO. 1 FOR THE FINANCIAL YEAR 2003  
REFERRING TO THE PERIOD JANUARY 1 – MARCH 31, 2003**

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- The net result of the Group for the period amounted to MSEK –1.2 (–41.4) and included share of earnings in associated companies<sup>1</sup> amounting to MSEK –2.6 (1.4). The parent company had a positive net result of MSEK 1.4 (–45.4). The Group showed a positive cash flow of MSEK 2.7 (–35.8) and the parent company showed a positive cash flow amounting to MSEK 2.7 (–35.1).
  - Shareholders' equity as at March 31, 2003 amounted to MSEK 188.2 (333.9) corresponding to SEK 8.0 (14.3) per share. Cash and cash equivalents, including investments made within the liquidity management and accounted for as fixed financial assets, amounted to MSEK 66.1 (77.8) corresponding to SEK 2.8 (3.3) per share.
  - Performance in the portfolio has been positive with most companies experiencing increased revenues and improved results. The positive development is expected to continue through the year.
  - Currently, Novestra does not see any need for additional write-downs. Even with current market conditions, the company finds it reasonable to believe that it can post a profit for the full year.
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*SEK thousands, unless otherwise indicated.*

#### **SIGNIFICANT EVENTS DURING THE PERIOD**

During the quarter, the development in the portfolio companies has been positive with most companies experiencing increased revenues and improved results. Novestra expects all portfolio companies to show continued growth, improving and positive full-year results, in spite of overall weak market conditions.

MyPublisher, Inc. has launched a successful partnership with Adobe Systems and the company has developed a plug-in for Microsoft PowerPoint™. MyPublisher expects continued strong growth in upcoming quarters.

During the quarter, Novestra exercised an option to increase its ownership in Strax Holdings, Inc. to 19.3%. The additional investment of MSEK 3.8 was made as part of Novestra's strategy to increase its ownership in the existing portfolio companies and simultaneously dispose of minor holdings.

#### **SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD**

In mid-April, Novestra exercised an option and invested an additional MSEK 8.5 in MyPublisher, Inc. After this transaction, Novestra is MyPublisher's second largest owner with an ownership stake of 28.56%.

#### **FUTURE DEVELOPMENT**

In the previous financial year 2001/2002, Novestra's book values were adjusted to conservative levels. The management and Board of Directors believe that Novestra's portfolio companies will show continued growth in 2003 and 2004 and that this will result in improved creation of value moving forward.

Novestra sees no further need of write-downs in book values and expects to post a small profit for the full year.

Most of Novestra's portfolio companies have had a stable development during the quarter and, since most companies are cash flow positive, any capital needs are limited to expansion capital. Novestra's liquidity situation is good and the company expects to be able to use part of its liquidity to increase its ownership in one or two existing portfolio companies.

#### **RESULT AND FINANCIAL POSITION JANUARY 1 – MARCH 31, 2003**

##### ***The Group***

Novestra reports a net result, according to the equity method, of –1 196 (–41 359). The result includes gross profit from investment activities amounting to 1 368 (–36 382), of which 3 979 (–26 431) is the result from shares and

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<sup>1</sup> The two companies accounted for according to the equity method are Qbranch AB and Netsurvey AB. Both companies posted positive results for the period, however the Group's result was affected negatively by amortization of goodwill.

participations, 0 (-11 349) pertains to write-downs, and -2 611 (1 398) is share of earnings of associated companies. The result also includes gross profit from other operations totalling 0 (-1 780). The Group's cash and cash equivalents amounted to 66 147 (77 827).

#### **Parent company**

The net result in the parent company amounted to 1 416 (-45 423). The result includes gross profit from investment activities amounting to 3 979 (-42 210), administrative expenses -2 699 (-3 502) and net financial items of 136. Total assets as at March 31, 2003 amounted to 227 290 (370 057), and shareholders' equity was 225 278 (364 817) corresponding to a solidity ratio of 99.1% (98.6). Cash and cash equivalents amounted to 65 783 (74 471).

#### **Investments**

During the period, investments in tangible fixed assets amounted to 72 (13) and investments in financial fixed assets amounted to 13 831 (33 284).

#### **Liquidity management**

As at March 31, 2003, the Group's cash amounted to MSEK 21.1 and, together with various investments (accounted for as financial fixed assets), with an availability of between three days and three months, cash and cash equivalents amounted to MSEK 66.1. This does not include non-realised surplus values.

#### **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 Group's or Parent company's accounts.

#### **OTHER INFORMATION**

##### *Financial calendar:*

Interim Report Q2 2003                      August 26, 2003

Interim Report Q3 2003                      October 21, 2003

The company's financial year covers the period from January 1 to December 31.

*This interim report has not been subject to any audit by the company's auditor.*

*This 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.*

**Stockholm April 23, 2003**

**Peter Ekelund**

Managing Director

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##### **Company information:**

Corporate identity number: 556539-7709

Registered Office: Stockholm, Sweden

## NOVESTRA'S HOLDINGS AS AT MARCH 31, 2003, MSEK

### PORTFOLIO COMPANIES

COMPANY	Bal. b/f	INVESTED	DIVESTED	WRITE-DOWNS	CHANGE	BOOK VALUE	OWNER-
	January 1, 2003				IN SHARE OF EQUITY <sup>1</sup>	bal. c/f <sup>2</sup>	SHIP, % <sup>3</sup>
CONTINUUM GROUP LTD	21.4	-	-	-	-	21.4	12.3
DALLAS STHLM DDG AB	0.4	-	-	-	-	0.4	7.0
DCM AB	3.5	-	-	-	-	3.5	5.7
EXPLORICA, INC.	12.6	-	-	-	-	12.6	13.6
MYPUBLISHER, INC.	37.2	-	-	-	-	37.2	19.5
NETSURVEY BOLINDER AB	6.0	-	-	-	-0.5	5.5	45.3
QBRANCH AB	35.7	-	-	-	-2.2	33.6	25.0
STRAX HOLDINGS, INC.	3.0	3.8	-	-	-	6.8	19.3
<b>TOTAL PORTFOLIO COMPANIES</b>	<b>119.8</b>	<b>3.8</b>	<b>-</b>	<b>-</b>	<b>-2.6</b>	<b>121.0</b>	
<b>Liquidity management</b>	<b>50.0</b>	<b>10.0</b>	<b>-15.0</b>	<b>-</b>	<b>-</b>	<b>45.0</b>	
<b>TOTAL INVESTMENTS</b>	<b>169.8</b>	<b>13.8</b>	<b>-15.0</b>	<b>-</b>	<b>-2.6</b>	<b>166.0</b>	

- 1 Associated companies: The total difference between shares of equity, applying the equity method in the consolidated accounts, (39.1) and the share of associated companies' equity (10.2) amounted to 28.9 at the end of the period.
- 2 Book value in the Group, according to the equity method, as at March 31, 2003.
- 3 Before dilution and exercise of options etc.

### THE DEVELOPMENT IN THE PORTFOLIO COMPANIES DURING THE PERIOD COMPARED TO THE SAME PERIOD 2002

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

For information regarding the portfolio companies with regard to business activities and financial data, please see Novestra's latest annual report.

## AB NOVESTRA – THE GROUP

CONSOLIDATED INCOME STATEMENTS (SEK THOUSANDS)	2003 (3 months) January 1 – March 31	2002 (3 months) January 1 – March 31	2001/2002 (18 months) July 1 – December 31
<b>INVESTMENT ACTIVITY</b>			
Result from shares and participations <sup>1</sup>	3 979	-26 431	-48 008
Write-downs	-	-11 349	-155 163
Share of earnings in associated companies	-2 611	1 398	-18 357
<b>Gross profit investment activity</b>	<b>1 368</b>	<b>-36 382</b>	<b>-221 528</b>
<b>OTHER OPERATIONS</b>			
Income from other operations	45	495	4 663
Cost of goods sold, other operations	-45	-2 275	-13 928
<b>Gross profit other operations</b>	<b>-</b>	<b>-1 780</b>	<b>-9 265</b>
<b>GROSS PROFIT</b>	<b>1 368</b>	<b>-38 162</b>	<b>-230 793</b>
Administrative expenses <sup>2</sup>	-2 700	-3 503	-28 218
<b>Operating income</b>	<b>-1 332</b>	<b>-41 665</b>	<b>-259 011</b>
<b>RESULT FROM FINANCIAL INVESTMENTS</b>			
Net financial items	136	306	4 017
<b>Result after financial items</b>	<b>-1 196</b>	<b>-41 359</b>	<b>-254 994</b>
Current taxes	-	-	47
<b>RESULT FOR THE PERIOD</b>	<b>-1 196</b>	<b>-41 359</b>	<b>-254 947</b>
Result per share (SEK)	-0.1	-1.8	-10.9
Average number of shares during the period	23 390 980	23 390 980	23 390 980
KEY RATIOS	2003 (3 months) January 1 – March 31	2002 (3 months) January 1 – March 31	2001/2002 (18 months) July 1 – December 31
<b>FINANCIAL KEY RATIOS</b>			
Shareholders' equity, MSEK	188.2	333.9	189.4
Solidity, %	98.9	98.5	97.7
Cash flow after investments, MSEK	2.7	-35.8	-122.1
<b>DATA PER SHARE</b>			
Shareholders' equity, SEK	8.0	14.3	8.1
Result, SEK	-0.1	-1.8	-10.9
<b>NUMBER OF SHARES ETC.</b>			
Number of shares at the end of the period	23 390 980	23 390 980	23 390 980
Average number of shares during the period	23 390 980	23 390 980	23 390 980

<sup>1</sup> 3 761 of the result for the period relate to the liquidity management.

<sup>2</sup> Depreciation for the period amounted to -79 (-107). The total depreciation relates to tangible fixed assets pertaining to administration.

**AB NOVESTRA – THE GROUP**

<b>CONSOLIDATED BALANCE SHEETS (SEK THOUSANDS)</b>	<b>March 31, 2003</b>	<b>March 31, 2002</b>	<b>December 31, 2002</b>
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Tangible fixed assets:			
Equipment	473	848	481
Financial fixed assets:			
Investments in associated companies	39 126	55 655	41 737
Shares and participations	127 038	222 374	128 205
Other long-term receivables	-	1 500	-
	166 164	279 529	169 942
<b>Total fixed assets</b>	<b>166 637</b>	<b>280 377</b>	<b>170 423</b>
<b>CURRENT ASSETS</b>			
Inventories etc.:			
Stock securities	159	2 222	204
Current receivables:			
Other receivables	2 208	2 511	4 782
Prepaid expenses an accrued income	123	1 211	2
	2 331	3 722	4 784
Cash and bank	21 147	52 827	18 426
<b>Total current assets</b>	<b>23 637</b>	<b>58 771</b>	<b>23 414</b>
<b>TOTAL ASSETS</b>	<b>190 274</b>	<b>339 148</b>	<b>193 837</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Restricted equity:			
Share capital	23 391	23 391	23 391
Restricted reserves	442 657	442 777	442 657
	466 048	466 168	466 048
Unrestricted equity:			
Unrestricted reserves	-276 697	-90 888	-21 750
Result for the period	-1 196	-41 359	-254 947
	-277 893	-132 247	-276 697
<b>Total shareholders' equity</b>	<b>188 155</b>	<b>333 921</b>	<b>189 351</b>
Provisions:			
Provisions for deferred income taxes	-	47	-
Current liabilities:			
Accounts payable	160	2 836	523
Other liabilities	396	466	1 582
Accrued expense and deferred income	1 563	1 878	2 381
	2 119	5 180	4 486
<b>Total liabilities</b>	<b>2 119</b>	<b>5 180</b>	<b>4 486</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>190 274</b>	<b>339 148</b>	<b>193 837</b>

<b>CHANGE IN SHAREHOLDERS' EQUITY DURING THE PERIOD (SEK THOUSANDS)</b>	<b>2003 (3 months) January 1 – March 31</b>	<b>2002 (3 months) January 1 – March 31</b>	<b>2001/2002 (18 months) July 1 – December 31</b>
<b>RESTRICTED EQUITY</b>			
At the beginning of the period	466 048	466 168	571 331
Transferred from (+)/to (-) unrestricted equity	-	-	-105 283
<b>At the end of the period</b>	<b>466 048</b>	<b>466 168</b>	<b>466 048</b>
<b>UNRESTRICTED EQUITY</b>			
At the beginning of the period	-276 697	-90 888	-122 806
Result for the period	-1 196	-41 359	-254 947
Qbranch becomes associated company	-	-	-4 227
Transferred from (+)/to (-) restricted equity	-	-	105 283
<b>At the end of the period</b>	<b>-277 893</b>	<b>-132 247</b>	<b>-276 697</b>
<b>TOTAL SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD</b>	<b>188 155</b>	<b>333 921</b>	<b>189 351</b>

**AB NOVESTRA – THE GROUP**

<b>CONSOLIDATED FUNDS STATEMENT</b> (SEK THOUSANDS)	<b>2003</b> (3 months) January 1 – March 31	<b>2002</b> (3 months) January 1 – March 31	<b>2001/2002</b> (18 months) July 1 – December 31
<b>FUNDS PROVIDED</b>			
Result after financial items	-1 196	-41 359	-254 994
Adjustment for transactions not included in cash flow etc.	-1 289	36 489	223 843
	<b>-2 485</b>	<b>-4 870</b>	<b>-31 151</b>
Taxes paid	-384	- 1 503	-2 702
<b>Funds provided from operations before changes in working capital</b>	<b>-2 869</b>	<b>-6 373</b>	<b>-33 853</b>
Details of changes in working capital:			
Increase (-)/decrease (+) in inventories	45	1 480	10 834
Increase (-)/decrease (+) in current receivables	2 837	4 709	6 544
Increase (+)/decrease (-) in current liabilities	-2 367	1 645	-3 174
<b>Funds provided from operations</b>	<b>-2 354</b>	<b>1 461</b>	<b>-19 649</b>
<b>INVESTMENT ACTIVITIES</b>			
Investment in tangible fixed assets	-72	-13	-86
Investments in financial fixed assets	-13 831	-37 284	-138 485
Proceeds from sale of financial fixed assets	18 978	-	36 123
<b>Funds from investment activities</b>	<b>5 075</b>	<b>-37 297</b>	<b>-102 448</b>
<b>FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Funds from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total cash flow</b>	<b>2 721</b>	<b>- 35 836</b>	<b>-122 097</b>
<b>Cash and bank at the beginning of the period</b>	<b>18 426</b>	<b>88 663</b>	<b>140 523</b>
<b>CASH AND BANK AT THE END OF THE PERIOD<sup>1</sup></b>	<b>21 147</b>	<b>52 827</b>	<b>18 426</b>

1 Excluding 45 000 within in the liquidity management accounted for as financial fixed assets. Cash and bank, including investments within the liquidity management, amounts to 66 147 (77 827) as at March 31, 2003.