

**INTERIM REPORT NO. 2 FOR THE FINANCIAL YEAR 2003  
REFERRING TO THE PERIOD JANUARY 1 – JUNE 30, 2003**

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- The net result for the period amounted to MSEK 4.4 (–59.3) which corresponds to a result amounting to SEK 0.2 (–2.5) per share. Shareholders' equity as at June 30, 2003 amounted to MSEK 228.3 (351.0) corresponding to SEK 9.8 (15.0) per share.
  - Cash and cash equivalents, including investments made within the liquidity management and accounted for as fixed financial assets, amounted to MSEK 48.8 (59.5) corresponding to SEK 2.1 (2.55) per share. After investments, the cash flow for the period amounted to MSEK –14.3 (–70.1) of which net investments amounted to MSEK –9.3 (–67.9).
  - Performance in the portfolio has continued to be positive with most companies experiencing increased revenues and improved results compared to the previous year. All of the directly and indirectly held non-public holdings, with the exception of B2 Bredband AB, are expected to show positive results for the full year 2003.
  - As a further step in the ongoing restructuring of its corporate structure initiated in 2002, Novestra has disposed of all of its subsidiary companies. Consequently, Novestra no longer prepares any consolidated financial statements. The reporting, from this interim report and henceforth, therefore only covers the holding company AB Novestra.
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*SEK thousands, unless otherwise indicated.*

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

During the quarter, the development in the portfolio companies has continued to be positive with most companies experiencing increased revenues and improved results. All portfolio companies expect to be able to show continued growth and improved result for the full year. With present market conditions, all of the directly or indirectly held non-public portfolio companies, with the exception of the indirect holding in B2 Bredband AB, are expected to show positive results for the full year 2003.

Novestra has continued to increase its ownership in existing portfolio companies and, in addition, has evaluated new investment opportunities in public as well as non-public companies.

MyPublisher, Inc., whose products were previously only available for Apple users, has launched a product partnership with Adobe Systems and has developed a plug-in for Microsoft PowerPoint™. During 2003, MyPublisher has experienced strong growth and it expects continued growth in the current product line for the foreseeable future. Moreover, the company has invested significant amounts in new software and product development which is expected to generate additional revenue in 2004 and onwards. Novestra exercised an option to invest an additional MSEK 8.7 in MyPublisher. After this transaction, Novestra has an ownership stake of 28.6%.

During the first six months, Strax Holdings, Inc. has experienced continued strong growth and at the same time has reversed previously negative results into profitability. During the first quarter, Novestra exercised an option to increase its ownership to 19.3% for a consideration of MSEK 3.8.

Novestra has made a follow-up investment in Continuum Group Ltd of MSEK 4.7. The rights issue was initiated in order to provide Continuum with further capital reserves to enable it to increase its ownership in its portfolio companies.

Novestra's direct holding in B2 Bredband AB has been disposed of and the sale resulted in a capital gain of MSEK 4.7.

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

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

During the past year, Explorica, Inc. has experienced strong growth. The company continues to grow rapidly and, in order to secure growth capital, Novestra, together with the main shareholders in Explorica, has provided the company with temporary bridge financing. Novestra's share in the loan amounts to MSEK 2.4.

Novestra has participated in a directed new share issue in Modul 1 Data AB (publ.) and has made a further acquisition in the company. After these transactions, Novestra's ownership in Modul 1 amounts to 7.8%. Novestra's average acquisition cost amounts to SEK 1.12 per share.

## **FUTURE DEVELOPMENT**

In the previous financial year 2001/2002, Novestra's portfolio book values of were adjusted to conservative levels. At present, Novestra sees no further need for write-downs. The management and Board of Directors expect Novestra's portfolio companies to show continued growth in the next few years. This continued growth will be the determining factor for the future values in Novestra's portfolio.

Most of Novestra's portfolio companies have had a positive development during the period 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 increase its ownership in existing portfolio companies. Novestra has evaluated a number of potential investments and is looking into the possibilities of investing in new portfolio companies, if and when the company's capital base allows it.

## **RESULT AND FINANCIAL POSITION JANUARY 1 – JUNE 30, 2003**

The company's net result for the period amounted to 4 445 (–59 282). The result includes gross profit from investment activities amounting to 9 897 (–44 205), administrative expenses of – 5 674 (–10 891) and net financial items of 222 (–4 186). Total assets as at June 30, 2003 amounted to 229 806 (358 106), of which shareholders' equity was 228 307 (350 958) corresponding to a solidity ratio of 99.4% (98.0). Cash and cash equivalents amounted to 48 830 (59 536).

## **Investments**

During the period, investments in tangible fixed assets amounted to 258 (23) and investments in financial fixed assets amounted to 33 096 (67 840).

## **Liquidity management**

As at June 30, 2003, the company's cash amounted to MSEK 3.8 (14.5) 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 48.8 (59.5). 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 company's accounts.

## **OTHER INFORMATION**

*Financial calendar:*

Interim Report Q3 2003                      *October 21, 2003*

Year-end report 2003                      *February 17, 2004*

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 August 26, 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 JUNE 30, 2003, MSEK

### PORTFOLIO COMPANIES

COMPANY	Bal. b/f	INVESTED	DIVESTED	WRITE-DOWNS	BOOK VALUE	OWNER-SHIP, % <sup>2</sup>
	January 1, 2003				bal. c/f <sup>1</sup>	
CONTINUUM GROUP LTD	21.4	4.7	-	-	26.1	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
MODUL 1 DATA AB (publ.) <sup>3</sup>	-	1.3	-	-	1.3	2.4
MYPUBLISHER, INC.	37.2	8.7	-	-	45.9	28.6
NETSURVEY BOLINDER AB	22.8	-	-	-	22.8	45.3
QBRANCH AB	53.8	-	-	-	53.8	25.0
STRAX HOLDINGS, INC.	3.0	3.8	-	-	6.8	19.3
OTHER	-	4.6	-	-	4.6	N/a
<b>TOTAL PORTFOLIO COMPANIES</b>	<b>154.7</b>	<b>23.1</b>	<b>-</b>	<b>-</b>	<b>177.8</b>	
<b>Liquidity management</b>	<b>50.0</b>	<b>10.0</b>	<b>-15.0</b>	<b>-</b>	<b>45.0</b>	
<b>TOTAL INVESTMENTS</b>	<b>204.7</b>	<b>33.1</b>	<b>-15.0</b>	<b>-</b>	<b>222.8</b>	

1 Book value in AB Novestra, according to the acquisition cost method, as at June 30, 2003.

2 Before dilution and exercise of options etc.

3 After the acquisition in July 2003, Novestra has invested a total of MSEK 6.2 in Modul 1 Data AB (publ.) and has an ownership stake amounting to 7.8 percent.

### 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
Modul 1 Data AB (publ.)	Negative	Negative	Negative
MyPublisher, Inc.	Increased	Negative	Positive
Netsurvey AB	Neutral	Positive	Positive
Qbranch AB	Neutral	Positive	Positive
Strax Holdings, Inc.	Increased	Positive	Positive
Via Continuum Group Ltd:			
B2 Bredband AB	Increased	Negative	Positive
Bibit Billing Services B.V.	Increased	Positive	Positive
Speedera Networks, Inc.	Increased	Positive	Positive

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

**AB NOVESTRA**

<b>CONSOLIDATED INCOME STATEMENTS</b> (SEK THOUSANDS)	<b>2003</b> (6 months)	<b>2002</b> (6 months)	<b>2003</b> (3 months)	<b>2002</b> (3 months)	<b>2001/2002</b> (18 months)
	January 1 – June 30	January 1 – June 30	April 1 – June 30	April 1 – June 30	July 1 – Dec 31
<b>INVESTMENT ACTIVITY</b>					
Result from shares and participations <sup>1</sup>	9 897	-30 291	5 918	16	-55 992
Write-downs	-	-13 914	-	-2 011	-155 717
<b>GROSS PROFIT</b>	<b>9 897</b>	<b>-44 205</b>	<b>5 918</b>	<b>-1 995</b>	<b>-211 709</b>
Administrative expenses <sup>2</sup>	-5 674	-10 891	-2 975	-7 389	-28 195
<b>Operating income</b>	<b>4 223</b>	<b>-55 096</b>	<b>2 943</b>	<b>-9 384</b>	<b>-239 904</b>
<b>RESULT FROM FINANCIAL INVESTMENTS</b>					
Net financial items	222	-4 186	86	-4 475	-2 409
<b>Result after financial items</b>	<b>4 445</b>	<b>-59 282</b>	<b>3 029</b>	<b>-13 859</b>	<b>-242 313</b>
Appropriations	-	-	-	-	167
Current taxes	-	-	-	-	-
<b>RESULT FOR THE PERIOD</b>	<b>4 445</b>	<b>-59 282</b>	<b>3 029</b>	<b>-13 859</b>	<b>-242 146</b>
Result per share (SEK)	0.2	-2.5	0.1	-0.6	-10.4
Average number of shares during the period	23 390 980	23 390 980	23 390 980	23 390 980	23 390 980
<b>KEY RATIOS</b>	<b>2003</b> (6 months)	<b>2002</b> (6 months)	<b>2003</b> (3 months)	<b>2002</b> (3 months)	<b>2001/2002</b> (18 months)
	January 1 – June 30	January 1 – June 30	April 1 – June 30	April 1 – June 30	July 1 – Dec 31
<b>FINANCIAL KEY RATIOS</b>					
Shareholders' equity, MSEK	228.3	351.0	228.3	351.0	223.9
Solidity, %	99.4	98.0	99.4	98.0	98.1
Cash flow after investments, MSEK	-14.3	-69.9	-17.0	-34.9	-122.1
<b>DATA PER SHARE</b>					
Shareholders' equity, SEK	9.8	15.0	9.8	15.0	9.6
Result, SEK	0.2	-2.5	0.1	-0.6	10.4
<b>NUMBER OF SHARES ETC.</b>					
Number of shares at the end of the period	23 390 980	23 390 980	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	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 -153 (-217). The total depreciation relates to tangible fixed assets pertaining to administration.

**AB NOVESTRA**

<b>CONSOLIDATED BALANCE SHEETS (SEK THOUSANDS)</b>	<b>June 30, 2003</b>	<b>June 30, 2002</b>	<b>December 31, 2002</b>
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Tangible fixed assets:			
Equipment	586	752	481
Financial fixed assets:			
Investments in group companies	-	210	210
Investments in associated companies	76 682	80 318	76 682
Shares and participations	146 302	254 701	128 206
Other long-term receivables	-	1 500	-
	222 984	336 729	205 098
<b>Total fixed assets</b>	<b>223 570</b>	337 481	205 579
<b>CURRENT ASSETS</b>			
Current receivables:			
Other receivables	2 234	5 116	4 556
Prepaid expenses and accrued income	172	973	-
	2 406	6 089	4 556
Cash and bank	3 830	14 536	18 108
<b>Total current assets</b>	<b>6 236</b>	20 625	22 662
<b>TOTAL ASSETS</b>	<b>229 806</b>	358 106	228 241
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Restricted equity:			
Share capital	23 391	23 391	23 391
Restricted reserves	200 471	442 617	442 617
	223 862	466 008	466 008
Unrestricted equity:			
Unrestricted reserves	-	-55 768	-
Result for the period	4 445	-59 282	-242 146
	4 445	-115 050	-242 146
<b>Total shareholders' equity</b>	<b>228 307</b>	350 958	223 862
Current liabilities:			
Accounts payable	136	2 985	501
Other liabilities	335	372	1 497
Accrued expense and deferred income	1 028	3 624	2 381
	1 499	6 981	4 379
<b>Total liabilities</b>	<b>1 499</b>	6 981	4 379
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>229 806</b>	358 106	228 241
<b>CHANGE IN SHAREHOLDERS' EQUITY DURING THE PERIOD (SEK THOUSANDS)</b>	<b>2003 (6 months) January 1 – June 30</b>	<b>2002 (6 months) January 1 – June 30</b>	<b>2001/2002 (18 months) July 1 – Dec 31</b>
<b>RESTRICTED EQUITY</b>			
At the beginning of the period	466 008	466 008	570 921
Transferred from (+)/to (-) unrestricted equity	-242 146	-	-104 913
<b>At the end of the period</b>	<b>223 862</b>	466 008	466 008
<b>UNRESTRICTED EQUITY</b>			
At the beginning of the period	-242 146	-55 768	-104 913
Result for the period	4 445	-59 282	-242 146
Transferred from (+)/to (-) restricted equity	242 146	-	104 913
<b>At the end of the period</b>	<b>4 445</b>	-115 050	-242 146
<b>TOTAL SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD</b>	<b>228 307</b>	350 958	223 862

**AB NOVESTRA**

<b>CONSOLIDATED FUNDS STATEMENT</b> (SEK THOUSANDS)	<b>2003</b> (6 months) January 1 – June 30	<b>2002</b> (6 months) January 1 – June 30	<b>2001/2002</b> (18 months) July 1 – Dec 31
<b>FUNDS PROVIDED</b>			
Result after financial items	4 445	-59 282	-242 313
Adjustment for transactions not included in cash flow etc.	-8 294	50 022	220 424
	<b>-3 849</b>	<b>-9 260</b>	<b>-21 889</b>
Taxes paid	-	-	-
<b>Funds provided from operations before changes in working capital</b>	<b>-3 849</b>	<b>-9 260</b>	<b>-21 889</b>
Details of changes in working capital:			
Increase (-)/decrease (+) in current receivables	1 732	3 513	5 418
Increase (+)/decrease (-) in current liabilities	-2 880	3 532	-3 196
<b>Funds provided from operations</b>	<b>-4 997</b>	<b>-2 215</b>	<b>-19 667</b>
<b>INVESTMENT ACTIVITIES</b>			
Investment in tangible fixed assets	-258	-23	-86
Investments in financial fixed assets	-28 519	-67 840	-138 485
Proceeds from sale of financial fixed assets	19 498	-	36 123
<b>Funds from investment activities</b>	<b>-9 279</b>	<b>-67 863</b>	<b>-102 448</b>
<b>FINANCING ACTIVITIES</b>	-	-	-
<b>Funds from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total cash flow</b>	<b>-14 276</b>	<b>-70 078</b>	<b>-122 115</b>
<b>Cash and bank at the beginning of the period</b>	<b>18 106</b>	<b>84 614</b>	<b>140 221</b>
<b>CASH AND BANK AT THE END OF THE PERIOD<sup>1</sup></b>	<b>3 830</b>	<b>14 536</b>	<b>18 106</b>

<sup>1</sup> Excluding 45 000 within in the liquidity management accounted for as financial fixed assets. Cash and bank, including investments within the liquidity management, amounted to 48 830 (59 536) as at June 30, 2003