

# NOVESTRA

## INTERIM REPORT NO. 2 FOR THE FINANCIAL YEAR 2004 REFERRING TO THE PERIOD JANUARY 1 – JUNE 30, 2004

- The net result for the period amounted to MSEK 40.3 (4.4) corresponding to a result amounting to SEK 1.29 (0.19) per share. Shareholders' equity as at June 30, 2004 amounted to MSEK 414.6 (228.3) corresponding to SEK 11.15 (9.76) per share. Equity/asset ratio amounted to 89.8% (99.3).
- Cash and cash equivalents, including current investments, amounted to MSEK 142.2 (48.8) corresponding to SEK 3.82 (2.09) per share. Together with the public holdings, as at June 30, 2004, liquid assets amounted to MSEK 269.9 (48.8) (including unrealised surplus values) corresponding to SEK 7.26 (2.09) per share.
- In the non-public portfolio companies, growth in revenues and results increased further during the 2<sup>nd</sup> quarter and exceeded previous forecasts for 2004. The outlook for a continued strong growth among the portfolio companies during the remainder of the year is estimated to be very good.
- In order to being able to take advantage of a number of attractive investment opportunities, Novestra completed a directed new share issue in June of 6 000 000 shares which provided the company with MSEK 81.7, after transaction costs totalling MSEK 0.2.
- The outlook for listings or divestitures among the portfolio companies during the next 18 months is expected to be good. Any such transactions will likely have a positive effect on Novestra's result in the future.

All figures are given in SEK thousands, unless otherwise indicated. Figures in brackets refer to the corresponding period the previous financial year.

### SIGNIFICANT EVENTS DURING THE PERIOD

During the second quarter, the development in the portfolio companies has continued to improve considerably:

#### *Non-public portfolio companies*

**Explorica** showed an increase in the number of bookings of approximately 50% during Q1. During Q2, the bookings situation for 2005 has improved further.

**MyPublisher** introduced a new product range which attracted much attention in i.a. *Wall Street Journal* and *USA TODAY* and which has contributed to the company's increase in revenue of 51% for the first six months.

**Netsurvey** increased its revenue by 15% during the first six months and turned the result into profit with a net profit margin amounting to 11%.

**Qbranch** increased its revenue by 26% during the first six months. The result pre-tax (EBT)

increased by 241% compared to the same period the previous year.

**Strax** increased its revenue by 48% during the first six months. The result pre-tax (EBT) increased by 133% compared to the same period the previous year.

During the period, **Continuum's** main holdings continued to show strong growth with positive margin development.

Novestra received two extra dividends from **Continuum** of, in total, MSEK 29.6. In addition, during the period Novestra received dividend from **Qbranch** amounting to MSEK 1.9.

In January, Novestra invested, indirectly through **C More Group**, MSEK 2.1 in Canal Plus Television AB.

#### *Public portfolio companies*

The investments in the public portfolio companies have performed well during the period. As at June 30, 2004, the accumulated realised and unrealised profits from the public holdings amounted to MSEK 29.0 corresponding to SEK 0.78 per share.

During the period, Novestra disposed of its entire holding in **Modul 1 Data** as well as the greater part of its holding in **JC**. The result from these disposals amounted, in total, to MSEK 9.7.

During the period, Novestra invested MSEK 9.4 in **Fly Me Europe**, listed on "Nya Marknaden". Novestra's ownership stake corresponds to 5.14% of the capital and 4.19% of the votes in the company. Novestra has also invested MSEK 22.6 net in **Millicom International Cellular**. Furthermore, add-on investments in other public holdings were made, i.e. MSEK 20.6 in **Pergo**, MSEK 6.9 in **Lagercrantz Group** and MSEK 3.6 in **IBS**.

#### *Other*

At Novestra's Annual General Meeting on May 6, 2004, it was resolved to approve the proposed bonus program for the Managing Director, Peter Ekelund, and the working Chairman, Theodor Dalenson. It was also resolved to make minor amendments to the company's articles of association. Furthermore, it was resolved to approve the Board of Directors' proposal to authorise the Board to resolve on an issue of a maximum of 6 000 000 new shares. (For further details, reference is made to the bulletin from the Annual General Meeting dated May 7, 2004.

In order to be able to take advantage of attractive investment opportunities, in May 2004, Novestra's Board of Directors decided to summon an Extraordinary General Meeting in order to resolve on a proposed directed new share issue. The General Meeting was held on June 18, 2004 and, at the meeting, it was resolved to implement a directed new share issue of, in total, 6 000 000 shares. The new share issue was completed and registered at the Patent and Registration Office on June 28, 2004. The new share issue provided the company with, in total, SEK 81 705 912, after transaction costs totalling SEK 194 088. Following the new share issue, Novestra's share capital amounts to a total of SEK 37 187 973 distributed on 37 187 973 shares.

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

In July and August, the development in sales in the non-public portfolio companies has been continuously positive, e.g. MyPublisher has increased its growth rate further compared to the first six months.

After the end of the period, Novestra has invested in a new non-public portfolio company, **FLEXbridge Technologies, LLC**, USA, by providing the company with expansion capital in the form of a convertible loan with detachable warrants

which, fully exercised, can give Novestra an ownership stake of more than 15%.

Furthermore, Novestra has disposed of its remaining minor holding in **JC**.

As at July 31, 2004, the accumulated realised and unrealised profits from the public holdings amounted to MSEK 19.4 corresponding to SEK 0.52 per share.

**DCM** has signed a letter of intent according to which the Danish SDC DanDisc a/s (listed on the Copenhagen Stock Exchange under DDISC) will acquire 100% of the shares in DCM.

#### **FUTURE DEVELOPMENT**

Novestra will most likely report a full-year result for 2004 which exceeds the previous forecast of MSEK 35 – 40. The full-year result for 2004 as well as the result for 2005 will be dependent on the timing of any listings and/or divestitures. All in all, it is estimated that Novestra, with the present market development, will be able to show substantial surplus values in relation to its carrying values/shareholders' equity in the next few years.

During the past six months, add-on investments in existing non-public portfolio companies as well as in new investments have been made through debt instruments which is estimated to reduce the risk considerably. These investments, through various debt instruments, also yield a net interest income which will contribute positively to Novestra's cash flow.

#### **RESULT AND FINANCIAL POSITION JANUARY 1 – JUNE 30, 2004**

The company's net result for the period amounted to 40 338 (4 445). The result included gross profit from investment activities amounting to 47 855 (9 897), administration expenses of –8 158 (–5 674) and net financial items of 641 (222). As at June 30, 2004, total assets amounted to 461 754 (229 806), of which shareholders' equity was 414 568 (228 307) corresponding to an equity/asset ratio of 89.8% (99.3). Current liabilities to credit institutes amounted to 44 059 (-).

#### **Investments**

During the period, investments in tangible fixed assets amounted to 579 (258) and investments in financial fixed assets amounted to 93 161 (33 096).

#### **Liquidity management**

As at June 30, 2004, cash amounted to 107 180 (3 830) and, together with various investments, cash and cash equivalents amounted to 142 180 (48 830). Novestra's portfolio of public holdings results in that an additional of approximately 127 758 (including unrealised surplus

values) of Novestra's assets are possible to convert into liquid assets within a relatively short period of time. In addition, Novestra has an unutilised credit facility amounting to 20 941.

#### **ACCOUNTING PRINCIPLES**

This interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's Recommendation No. 20. The same accounting principles and methods of calculation have been used in the interim report as in the last annual report. As of January 1, 2004, Novestra applies the Swedish Financial Accounting Standards Council's Recommendation No. 29; this has not had any essential impact on the company's result and financial position.

#### **OTHER INFORMATION**

*Financial calendar:*

Interim Report Q3 2004                      *October 22, 2004*

Year-end report and  
Interim Report Q4 2004                      *February 16, 2005*

*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 24, 2004**

**Peter Ekelund**  
Managing Director

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#### ***For further information, please contact:***

Peter Ekelund                      Phone: +46 8 545 017 50  
(Managing Director)

Cecilia Janson                      Phone: +46 8 545 017 50  
(Information Manager)

#### **The company's address:**

AB Novestra  
Norrandsgatan 16  
SE-111 43 STOCKHOLM  
Sweden

E-mail:                      info@novestra.com  
Website:                      www.novestra.com

#### **Company information:**

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

## NOVESTRA'S HOLDINGS AS AT JUNE 30, 2004, MSEK

### PORTFOLIO COMPANIES

	Bal. b/f July 1, 2001	INVESTED	DIVESTED	WRITE-DOWNS	BOOK VALUE bal. c/f	OWNER- SHIP, % <sup>1</sup>
<b>NON-PUBLIC COMPANIES</b>						
CONTINUUM GROUP LTD	35.1	-	-	-	35.1	12.3
C MORE GROUP AB (CANAL PLUS)	-	2.1	-	-	2.1	0.3
DALLAS STHLM DDG AB	0.4	-	-	-	0.4	7.0
DCM AB	8.5	-	-	-	8.5	5.7
EXPLORICA, INC.	12.6	-	-	-	12.6	13.6
MYPUBLISHER, INC.	45.9	-	-	-	45.9	28.6
NETSURVEY BOLINDER AB	12.8	-	-	-	12.8	45.3
QBRANCH AB	53.8	-	-	-	53.8	25.0
STRAX HOLDINGS, INC.	18.7	-	-	-	18.7	19.3
OTHER	0.2	-	-	-	0.2	n/a
<b>TOTAL NON-PUBLIC COMPANIES</b>	<b>188.0</b>	<b>2.1</b>	<b>-</b>	<b>-</b>	<b>190.1</b>	
<b>PUBLIC COMPANIES</b>						
FLY ME EUROPE AB	-	9.4	-	-	9.4	5.1
IBS AB (publ)	13.1	3.6	-2.1	-	14.6	1.7
INWAREHOUSE AB (publ)	7.8	-	-0.6	-	7.2	11.6
JC AB (publ)	19.0	5.9	-21.3	-	3.6	1.2
LAGERCANTZ GROUP AB (publ)	8.1	6.9	-	-	15.0	2.2
MILLICOM INTERNATIONAL CELLULAR S.A.	-	38.4	-15.8	-	22.6	0.3
MODUL 1 DATA AB (publ)	7.2	-	-7.2	-	-	-
PERGO AB (publ)	16.9	20.6	-	-	37.5	4.6
OTHER	7.9	6.1	-8.7	-	5.3	n/a
<b>TOTAL PUBLIC COMPANIES</b>	<b>80.0</b>	<b>90.9</b>	<b>-55.7</b>	<b>-</b>	<b>115.2</b>	
<b>Liquidity management</b>	<b>35.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35.0</b>	
<b>TOTAL INVESTMENTS</b>	<b>303.0</b>	<b>93.0</b>	<b>-55.7</b>	<b>-</b>	<b>340.3</b>	

<sup>1</sup> Before dilution and exercise of options etc.

<b>SPECIFICATION PUBLIC COMPANIES</b>	NUMBER OF SHARES (No.)	ACQUISITION PRICE (SEK)	ACQUISITION COST (TSEK)	MARKET PRICE (SEK)	MARKET VALUE (TSEK)	CHANGE IN VALUE (%)
FLY ME EUROPE AB	13 300 000	0.71	9 424	0.63	8 379	-11.1
IBS AB (publ)	1 329 000	11.00	14 620	13.25	17 609	20.4
INWAREHOUSE AB (publ)	7 907 422	0.90	7 152	1.94	15 340	114.5
JC AB (publ)	115 605	31.09	3 594	37.00	4 277	19.0
LAGERCANTZ GROUP AB (publ)	626 000	24.04	15 048	21.90	13 709	-8.9
MILLICOM INTERNATIONAL CELLULAR S.A.	135 000	167.56	22 621	165.50	22 343	-1.2
PERGO AB (publ)	2 462 700	15.23	37 498	16.80	41 373	10.3
OTHER	n/a	n/a	5 255	n/a	4 728	-10.0
<b>TOTAL</b>			<b>115 212</b>		<b>127 758</b>	<b>10.9</b>

As at July 31, 2004, Novestra had invested a total of KSEK 117 587 in public companies. As at the same date, the market value amounted to KSEK 120 021, unrealised gains amounted to KSEK 2 434 corresponding to 0.2%. As at July 31, 2004, total accumulated unrealised result and realised result during 2004 amounted to KSEK 19 398.

### THE DEVELOPMENT IN THE NON-PUBLIC PORTFOLIO COMPANIES COMPARED TO THE SAME PERIOD 2003

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

<b>INCOME STATEMENTS</b> (SEK THOUSANDS)	<b>2004</b> (6 months) Jan 1 – June 30	<b>2003</b> (6 months) Jan 1 – June 30	<b>2004</b> (3 months) April 1 – June 30	<b>2003</b> (3 months) April 1 – June 30	<b>2003</b> (12 months) Jan 1 – Dec 31
<b>INVESTMENT ACTIVITY</b>					
Result from shares and participations <sup>1</sup>	47 855	9 897	38 807	5 918	13 314
Write-downs	-	-	-	-	15 870
<b>Gross profit investment activity</b>	<b>47 855</b>	<b>9 897</b>	<b>38 807</b>	<b>5 918</b>	<b>29 184</b>
<b>OTHER OPERATIONS</b>					
Income from other operations	-	-	-	-	3 018
<b>Gross profit other operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 018</b>
<b>GROSS PROFIT</b>	<b>47 855</b>	<b>9 897</b>	<b>38 807</b>	<b>5 918</b>	<b>32 202</b>
Administrative expenses <sup>2</sup>	-8 158	-5 674	-5 044	-2 975	-12 276
<b>Operating income</b>	<b>39 697</b>	<b>4 223</b>	<b>33 763</b>	<b>2 943</b>	<b>19 926</b>
<b>RESULT FROM FINANCIAL INVESTMENTS</b>					
Net financial items	641	222	569	86	210
<b>Result after financial items</b>	<b>40 338</b>	<b>4 445</b>	<b>34 332</b>	<b>3 029</b>	<b>20 136</b>
Current taxes	-	-	-	-	-
<b>RESULT FOR THE PERIOD</b>	<b>40 338</b>	<b>4 445</b>	<b>34 332</b>	<b>3 029</b>	<b>20 136</b>
Result per share (SEK)	1.29	0.19	1.09	0.13	0.81
Average number of shares during the period	31 286 874	23 390 980	31 385 775	23 390 980	24 925 618
<b>KEY RATIOS</b>					
<b>FINANCIAL KEY RATIOS</b>					
Shareholders' equity, MSEK	414.6	228.3	414.6	228.3	292.5
Equity/assets ratio, %	89.8	99.3	89.8	99.3	90.4
Cash flow after investments, MSEK	14.5	-14.3	24.1	-17.0	-55.6
<b>DATA PER SHARE</b>					
Shareholders' equity, SEK	11.15	9.76	11.15	9.76	9.38
Result, SEK	1.29	0.19	1.09	0.13	0.81
<b>NUMBER OF SHARES ETC.</b>					
Number of shares at the end of the period	37 187 973	23 390 980	37 187 973	23 390 980	31 187 973
Average number of shares during the period	31 286 874	23 390 980	31 385 775	23 390 980	24 925 618

<sup>1</sup> 2 198 (3 761) of the result for the period relate to the liquidity management.

<sup>2</sup> Depreciation for the period amounted to -110 (-153). The total depreciation relates to tangible fixed assets pertaining to administration.

**AB NOVESTRA**

<b>BALANCE SHEETS (SEK THOUSANDS)</b>	<b>June 30, 2004</b>	<b>June 30, 2003</b>	<b>December 31, 2003</b>
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Tangible fixed assets:			
Equipment	1 099	586	630
Financial fixed assets:			
Investments in associated companies	112 552	76 682	112 552
Shares and participations	192 827	146 302	155 604
	305 379	222 984	268 156
<b>Total fixed assets</b>	<b>306 478</b>	223 570	268 786
<b>CURRENT ASSETS</b>			
Current receivables:			
Other receivables	9 696	2 234	5 167
Prepaid expenses and accrued income	3 400	172	3 626
	13 096	2 406	8 793
Investments:			
Other investments	35 000	-	35 000
Cash and bank	107 180	3 830	11 009
<b>Total current assets</b>	<b>155 276</b>	6 236	54 802
<b>TOTAL ASSETS</b>	<b>461 754</b>	229 806	323 588
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Restricted equity:			
Share capital	37 188	23 391	31 188
Restricted reserves	316 906	200 471	241 201
	354 094	223 862	272 389
Non-restricted equity:			
Non-restricted reserves	20 136	-	-
Result for the period	40 338	4 445	20 136
	60 474	4 445	20 136
<b>Total shareholders' equity</b>	<b>414 568</b>	228 307	292 525
Current liabilities:			
Liabilities to credit institutions	44 059	-	25 035
Accounts payable	273	136	349
Other liabilities	476	335	3 851
Accrued expense and deferred income	2 378	1 028	1 828
	47 186	1 499	31 063
<b>Total liabilities</b>	<b>47 186</b>	1 499	31 063
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>461 754</b>	229 806	323 588
<b>Pledged assets</b>	<b>149 421</b>	None	116 552
<b>Contingent liabilities</b>	<b>None</b>	None	None
<b>CHANGE IN SHAREHOLDERS' EQUITY DURING THE PERIOD (SEK THOUSANDS)</b>	<b>2004 (6 months) Jan 1 – March 31</b>	<b>2003 (6 months) Jan 1 – March 31</b>	<b>2003 (12 months) Jan 1 – Dec 31</b>
<b>RESTRICTED EQUITY</b>			
At the beginning of the period	272 389	466 008	466 008
New share issue	81 705	-	48 527
Transferred from (+)/to (-) non-restricted equity	-	-242 146	-242 146
<b>At the end of the period</b>	<b>354 094</b>	223 862	<b>272 389</b>
<b>NON-RESTRICTED EQUITY</b>			
At the beginning of the period	20 136	-242 146	-242 146
Result for the period	40 338	4 445	20 136
Transferred from (+)/to (-) restricted equity	-	242 146	242 146
<b>At the end of the period</b>	<b>60 474</b>	4 445	<b>20 136</b>
<b>TOTAL SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD</b>	<b>414 568</b>	228 307	<b>292 525</b>

**AB NOVESTRA**

<b>FUNDS STATEMENT</b> (SEK THOUSANDS)	<b>2004</b> (6 months) Jan 1 – June 30	<b>2003</b> (6 months) Jan 1 – June 30	<b>2003</b> (12 months) Jan 1 – Dec 31
<b>FUNDS PROVIDED</b>			
Result after financial items	40 338	4 445	20 136
Adjustment for transactions not included in cash flow etc.	-16 325	-8 294	-26 427
	<b>24 013</b>	<b>-3 849</b>	<b>-6 291</b>
Taxes paid	-	-	-
<b>Funds provided from operations before changes in working capital</b>	<b>24 013</b>	<b>-3 849</b>	<b>-6 291</b>
Details of changes in working capital:			
Increase (-)/decrease (+) in current receivables	- 4 303	1 732	-4 117
Increase (+)/decrease (-) in current liabilities	16 123	-2 880	26 684
<b>Funds provided from operations</b>	<b>35 833</b>	<b>-4 997</b>	<b>16 276</b>
<b>INVESTMENT ACTIVITIES</b>			
Investment in tangible fixed assets	-579	-258	-457
Investments in financial fixed assets	-76 414	-28 519	-110 427
Proceeds from sale of financial fixed assets	55 626	19 498	38 984
<b>Funds from investment activities</b>	<b>-21 367</b>	<b>-9 279</b>	<b>-71 900</b>
<b>FINANCING ACTIVITIES</b>			
New share issue	81 705	-	48 527
<b>Funds from financing activities</b>	<b>81 705</b>	<b>-</b>	<b>48 527</b>
<b>Total cash flow</b>	<b>96 171</b>	<b>-14 276</b>	<b>-7 097</b>
<b>Cash and bank at the beginning of the period</b>	<b>11 009</b>	<b>18 106</b>	<b>18 106</b>
<b>CASH AND BANK AT THE END OF THE PERIOD<sup>1</sup></b>	<b>107 180</b>	<b>3 830</b>	<b>11 009</b>

<sup>1</sup> Excluding 35 000 within the liquidity management accounted for as other current investments. As at June 30, 2004, cash and bank, including investments within the liquidity management, amounted to 142 180 (48 830).

**PERFORMANCE BY BUSINESS AREA JANUARY 1 – JUNE 30, 2004**

	<b>Non-public holdings</b>	<b>Public holdings</b>	<b>Joint and other operations</b>	<b>Total</b>
Income from shares and participations				
Capital gains/losses	-	14 235	2 198	16 433
Dividends	31 422	-	-	31 422
Write-downs	-	-	-	-
Income from other operations				
Fees	-	-	-	-
<b>Gross profit</b>	<b>31 422</b>	<b>14 235</b>	<b>2 198</b>	<b>47 855</b>
Administrative expenses				
Personnel costs	-849	-1 148	-3 114	-5 111
Depreciation	-	-	-110	-110
Other costs	-	-	-2 937	-2 937
	-849	-1 148	-6 161	-8 158
<b>Operating profit/loss</b>	<b>-30 573</b>	<b>13 087</b>	<b>-3 963</b>	<b>39 697</b>
Net financial income	-	-	641	641
<b>Result for the period</b>	<b>-30 573</b>	<b>13 087</b>	<b>-3 322</b>	<b>40 338</b>