

# NOVESTRA

## INTERIM REPORT NO. 3 FOR THE FINANCIAL YEAR 2003 REFERRING TO THE PERIOD JANUARY 1 – SEPTEMBER 30, 2003

- The net result for the period amounted to MSEK 8.4 (–137.2) which corresponds to a result amounting to SEK 0.4 (–5.9) per share. Shareholders' equity as at September 30, 2003 amounted to MSEK 232.3 (273.0) corresponding to SEK 9.9 (11.7) per share.
- Revenue in the non-public portfolio companies has increased, on average, by 41% during the first nine months compared to the same period the previous year. Most non-public portfolio companies show substantial result improvements compared to the previous year and are growing with profitability.
- Cash and cash equivalents, including investments made within the liquidity management and accounted for as fixed financial assets, amounted to MSEK 43.2 (77.2) corresponding to SEK 1.8 (3.3) per share. After investments, the cash flow for the period amounted to MSEK –9.9 (–52.4) of which net investments amounted to MSEK –23.6 (–55.0).
- To take advantage of a number of investment opportunities in current market conditions, Novestra's Board decided to increase the company's capital base through a fully guaranteed preferential rights issue which was unanimously approved by an EGM held on September 22, 2003.

SEK thousands, unless otherwise indicated.

### SIGNIFICANT EVENTS DURING THE PERIOD

During the first nine months of the year, the development in the portfolio companies has continued to be positive with most companies experiencing increased revenues and improved results. All non-public portfolio companies expect to be able to show continued growth and improved result for the full year. As previously communicated, all of the directly or indirectly held non-public portfolio companies, with the exception of B2 Bredband AB, are expected to show positive results for the full year 2003 given current market conditions.

During the period, Novestra has continued to invest in existing portfolio companies such as in Strax Holdings, Inc. with MSEK 3.8 and MyPublisher, Inc. with MSEK 8.7. In addition, Novestra has made a follow-up investment in Continuum Group Ltd of MSEK 4.7.

Explorica, Inc. and MyPublisher, Inc. continue to experience strong growth and, in order to secure growth capital, Novestra, together with the main shareholders in Explorica and MyPublisher, has provided the companies with temporary bridge financings on market terms. Novestra's share in the loans amounts to MSEK 3.1.

During the third quarter, Novestra has made a number of new investments in public companies estimated to have substantial value growth potential. The reason for these investments is that Novestra has estimated that the valuations in a number of public companies be more attractive than most investment opportunities within private equity.

Novestra has reduced its administration expenses by 43% compared to the same period the previous year. Furthermore, at present, Novestra has a number of advisory commissions through which the company has an opportunity to continue to generate revenues and thereby reduce its net administration expenses which, during 2003, in total, are estimated to amount to less than MSEK 10.

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 the interim report No. 2/2003 and henceforth, therefore only covers AB Novestra<sup>1</sup>.

To take advantage of a number of investment opportunities in current market conditions, Novestra's Board of Directors decided on September 3, 2003 to increase Novestra's capital base through a fully guaranteed preferential rights issue of no more than SEK 7 796 993. The rights issue is fully guaranteed by the company's four largest shareholders. The decision was unanimously approved by an Extraordinary General Meeting held on September 22, 2003. After the implementation of the rights issue, Novestra's total share capital will amount to SEK 31 187 973 distributed over an equal amount of shares. The rights issue provides Novestra with a total of approx. MSEK 54, prior to transaction costs. The last date for trading

<sup>1</sup> 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.

in the Novestra share, including subscription rights, was September 23, 2003. The record date for receipt of subscription rights was September 26, 2003.

In the past year, a number of foreign institutions have become new shareholders in Novestra and have indicated that they consider their investments in Novestra as long-term. Two of these institutions, Deutsche Bank and Laxey Partners, constitute part of the underwriting consortium in the current rights issue. During the third quarter, foreign institutions have continued to show interest in Novestra and have increased their ownership in the company.

Furthermore, Novestra's Board of Directors has decided 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**

The subscription period for shares and the trading in subscription rights in Novestra's preferential rights issue commenced on October 2, 2003. The last date for trading in subscription rights is October 14, 2003. The last date for subscription of shares is October 17, 2003.

#### **FUTURE PROSPECTS**

In the previous financial year 2001/2002, Novestra's portfolio book values were adjusted to conservative levels. At present, Novestra sees no overall 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 any capital needs are limited to expansion capital, since most companies are cash flow positive. Novestra's liquidity situation is good and the company expects to increase its ownership in existing portfolio companies and to make some new investments in the next year.

The increased activities in the stock market have resulted in an increased interest in some of Novestra's portfolio companies. Should the stock market gradually stabilise and improve in the next year, the possibilities to make exits at attractive valuations increase.

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

The company's net result for the period amounted to 8 400 (-137 224). The result includes gross profit from investment activities amounting to 12 920 (-119 698), gross profit from other operations of 2 676 (-), administrative expenses of -7 866 (-13 865) and net financial items of 670 (-3 661). Total assets as at September 30, 2003 amounted to 260 468

(282 814), of which shareholders' equity was 232 262 (273 016) corresponding to a equity/assets ratio of 89.2% (96.5). Current liabilities to credit institutes amounted to 25 000 (-).

#### **Investments**

During the period, investments in tangible fixed assets amounted to 286 (25) and investments in financial fixed assets amounted to 52 692 (71 671).

#### **Liquidity management**

As at September 30, 2003, cash amounted to MSEK 8.2 (32.2) 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 43.2 (77.2).

#### **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:*

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 October 14, 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 SEPTEMBER 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
JC AB (publ) <sup>3</sup>	-	9.3	-	-	9.3	3.5
MODUL 1 DATA AB (publ) <sup>3</sup>	-	6.2	-0.8	-	5.4	6.8
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	-	10.1	-3.8	-	6.3	n/a
<b>TOTAL PORTFOLIO COMPANIES</b>	<b>154.7</b>	<b>42.8</b>	<b>-4.6</b>	<b>-</b>	<b>192.9</b>	
<b>Liquidity management</b>	<b>50.0</b>	<b>10.0</b>	<b>-25.0</b>	<b>-</b>	<b>35.0</b>	
<b>TOTAL INVESTMENTS</b>	<b>204.7</b>	<b>52.8</b>	<b>-29.6</b>	<b>-</b>	<b>227.9</b>	

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

2 Before dilution and exercise of options etc.

3 Market value of public companies as at September 30, 2003: JC AB MSEK 10.2 and Modul 1 Data AB MSEK 6.0.

### 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
<b>DCM AB</b>	Neutral	Neutral	Positive
<b>Explorica, Inc.</b>	Increased	Positive	Neutral
<b>MyPublisher, Inc.</b>	Increased	Positive	Negative
<b>Netsurvey AB</b>	Neutral	Positive	Positive
<b>Qbranch AB</b>	Negative	Negative	Positive
<b>Strax Holdings, Inc.</b>	Increased	Positive	Positive
<b>Via Continuum Group Ltd:</b>			
<b>B2 Bredband AB</b>	Increased	Positive	Negative
<b>Bibit Billing 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 activities and financial data, please see Novestra's latest annual report and in the prospectus published in September 2003.

**AB NOVESTRA**

<b>CONSOLIDATED INCOME STATEMENTS</b> (SEK THOUSANDS)	<b>2003</b> (9 months)	<b>2002</b> (9 months)	<b>2003</b> (3 months)	<b>2002</b> (3 months)	<b>2001/2002</b> (18 months)
	January 1 – Sept 30	January 1 – Sept 30	July 1 – Sept 30	July 1 – Sept 30	July 1 – Dec 31
<b>INVESTMENT ACTIVITY</b>					
Result from shares and participations <sup>1</sup>	12 920	-29 782	3 023	509	-55 992
Write-downs	-	- 89 916	-	-76 002	-155 717
<b>Gross profit investment activity</b>	<b>12 920</b>	<b>-119 698</b>	<b>3 023</b>	<b>-75 493</b>	<b>-211 709</b>
<b>OTHER OPERATIONS</b>					
Income from other operations	2 676	-	2 676	-	-
<b>Gross profit other operations</b>	<b>2 676</b>	<b>-</b>	<b>2 676</b>	<b>-</b>	<b>-</b>
<b>GROSS PROFIT</b>	<b>15 596</b>	<b>-119 698</b>	<b>5 699</b>	<b>-75 493</b>	<b>-211 709</b>
Administrative expenses <sup>2</sup>	-7 866	-13 865	- 2 192	-2 974	-28 195
<b>Operating income</b>	<b>7 730</b>	<b>-133 563</b>	<b>3 507</b>	<b>-78 467</b>	<b>-239 904</b>
<b>RESULT FROM FINANCIAL INVESTMENTS</b>					
Net financial items	670	- 3 661	448	525	-2 409
<b>Result after financial items</b>	<b>8 400</b>	<b>-137 224</b>	<b>3 955</b>	<b>-77 942</b>	<b>-242 313</b>
Appropriations	-	-	-	-	167
Current taxes	-	-	-	-	-
<b>RESULT FOR THE PERIOD</b>	<b>8 400</b>	<b>-137 224</b>	<b>3 955</b>	<b>-77 942</b>	<b>-242 146</b>
Result per share (SEK)	0.4	-5.9	0.2	-3.3	-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>FINANCIAL KEY RATIOS</b>					
Shareholders' equity, MSEK	228.3	351.0	228.3	351.0	223.9
Equity/assets ratio, %	232.3	273.0	232.3	273.0	223.9
Cash flow after investments, MSEK	89.2	96.5	89.2	96.5	98.1
	-9.9	-52.4	4.4	17.6	-122.1
<b>DATA PER SHARE</b>					
Shareholders' equity, SEK	9.9	11.7	9.9	11.7	9.6
Result, SEK	0.4	-5.9	0.2	3.3	-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> 4 689 of the result for the period relate to the liquidity management.

<sup>2</sup> Depreciation for the period amounted to -209 (-321). The total depreciation relates to tangible fixed assets pertaining to administration.

**AB NOVESTRA**

<b>CONSOLIDATED BALANCE SHEETS (SEK THOUSANDS)</b>	<b>September 30, 2003</b>	<b>September 30, 2002</b>	<b>December 31, 2002</b>
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Tangible fixed assets:			
Equipment	558	643	481
Financial fixed assets:			
Investments in group companies	-	210	210
Investments in associated companies	76 682	80 318	76 682
Shares and participations	151 199	164 749	128 205
Other long-term receivables	-	1 500	-
	<b>227 881</b>	<b>246 777</b>	<b>205 097</b>
<b>Total fixed assets</b>	<b>228 439</b>	<b>247 420</b>	<b>205 578</b>
<b>CURRENT ASSETS</b>			
Current receivables:			
Other receivables	19 714	1 951	4 557
Prepaid expenses and accrued income	4 111	1 271	-
	<b>23 825</b>	<b>3 222</b>	<b>4 557</b>
Cash and bank	8 204	32 172	18 106
<b>Total current assets</b>	<b>32 029</b>	<b>35 394</b>	<b>22 663</b>
<b>TOTAL ASSETS</b>	<b>260 468</b>	<b>282 814</b>	<b>228 241</b>
<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
	<b>223 862</b>	<b>466 008</b>	<b>466 008</b>
Unrestricted equity:			
Unrestricted reserves	-	-55 768	-
Result for the period	8 400	-137 224	-242 146
	<b>8 400</b>	<b>-192 992</b>	<b>-242 146</b>
<b>Total shareholders' equity</b>	<b>232 262</b>	<b>273 016</b>	<b>223 862</b>
Current liabilities:			
Accounts payable	25 000	-	-
Other liabilities	299	2 843	501
Accrued expense and deferred income	1 685	3 476	1 497
	<b>1 222</b>	<b>3 479</b>	<b>2 381</b>
<b>Total liabilities</b>	<b>28 206</b>	<b>9 798</b>	<b>4 379</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>260 468</b>	<b>282 814</b>	<b>228 241</b>
<b>CHANGE IN SHAREHOLDERS' EQUITY DURING THE PERIOD (SEK THOUSANDS)</b>	<b>2003</b>	<b>2002</b>	<b>2001/2002</b>
	<b>(9 months)</b>	<b>(9 months)</b>	<b>(18 months)</b>
	<b>January 1 – Sept 30</b>	<b>January 1 – Sept 30</b>	<b>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>	<b>466 008</b>	<b>466 008</b>
<b>UNRESTRICTED EQUITY</b>			
At the beginning of the period	-242 146	-55 768	-104 913
Result for the period	8 400	-137 224	-242 146
Transferred from (+)/to (-) restricted equity	242 146	-	104 913
<b>At the end of the period</b>	<b>8 400</b>	<b>-192 992</b>	<b>-242 146</b>
<b>TOTAL SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD</b>	<b>232 262</b>	<b>273 016</b>	<b>223 862</b>

**AB NOVESTRA**

<b>CONSOLIDATED FUNDS STATEMENT</b> (SEK THOUSANDS)	<b>2003</b> (9 months) January 1 – Sept 30	<b>2002</b> (9 months) January 1 – Sept 30	<b>2001/2002</b> (18 months) July 1 – Dec 31
<b>FUNDS PROVIDED</b>			
Result after financial items	8 400	-137 224	-242 313
Adjustment for transactions not included in cash flow etc.	-10 244	127 241	220 424
	<b>-1 844</b>	<b>-9 983</b>	<b>-21 889</b>
Taxes paid	-	-	-
<b>Funds provided from operations before changes in working capital</b>	<b>-1 844</b>	<b>-9 983</b>	<b>-21 889</b>
Details of changes in working capital:			
Increase (-)/decrease (+) in current receivables	-8 240	6 381	5 418
Increase (+)/decrease (-) in current liabilities	23 827	6 190	-3 196
<b>Funds provided from operations</b>	<b>13 743</b>	<b>2 588</b>	<b>-19 667</b>
<b>INVESTMENT ACTIVITIES</b>			
Investment in tangible fixed assets	-286	-25	-86
Investments in financial fixed assets	-47 687	-67 840	-138 485
Proceeds from sale of financial fixed assets	24 328	12 835	36 123
<b>Funds from investment activities</b>	<b>-23 645</b>	<b>-55 030</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>-9 902</b>	<b>-52 442</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>8 204</b>	<b>32 172</b>	<b>18 106</b>

<sup>1</sup> Excluding 35 000 within in the liquidity management accounted for as financial fixed assets. Cash and bank, including investments within the liquidity management, amounted to 43 204 (77 172) as at September 30, 2003