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This is Novestra

Novestra is an independent investment company with a number of investments in private growth companies largely based in the U.S. Through one investment, the Nove Capital Fund, Novestra also has an exposure to public companies with substantial growth or value potential. The Novestra share is listed on the Stockholm stock exchange's O-list, Attract 40.

Background
Historically, Novestra has invested in early stages in private companies. These investments make up the lion's share of today's portfolio. Since 2003, Novestra has also had an exposure to public small cap companies primarily located in the Nordic region.

Business concept
As an independent investment company, Novestra shall invest in private as well as public companies with substantial growth potential or where other circumstances could lead to significant performance.

Vision
Novestra believes that it can optimise the return on its investments by being an active investor and through participation in the business development process of each individual company. By limiting the number of investments, Novestra expects to be able to be an active investor with a small organisation.

Objectives
Novestra's objective is to optimise shareholders' long-term return by focusing on small cap opportunities without the risk-taking that comes with too narrow a focus. Shareholders shall benefit through the performance of the Novestra share as well as through dividends once the company begins to exit holdings and realise values. From a fiscal perspective, Novestra is an investment company and its tax efficient structure can offer major investors investment opportunities in small cap companies where they otherwise would not be able to participate.

The Year in Brief

The investment in Nove Capital gave a return of 57 percent

Cash equivalents, including liquid investments amounted to MSEK 303.2 (88.3)

Net earnings for the financial year 2005 were MSEK 220.9 (69.4)

Net earnings for the financial year 2005 were MSEK 220.9 (69.4), corresponding to SEK 5.94 (2.03) per share. This means an increase of 193 percent compared to 2004.

Shareholders' equity increased by MSEK 183.7 to a total of MSEK 792.5 (608.8), and the equity/assets ratio was a secure 94.4 percent (94.8). Cash equivalents amounted to MSEK 303.2 (88.3), including the holdings in Nove Capital Fund.

The rate of growth in the four largest private portfolio companies was from 24 to 145 percent. All of these companies showed improved earnings and positive cash flows at the end of 2005.

Novestra made add-on investments in the private portfolio companies in connection with expansion investments and company acquisitions.

In connection with the acquisition of the German company More Mobilfunkzubehör GmbH, MSEK 11.9 was invested in Strax Inc., which considerably strengthens Strax's position in Europe.

Together with the other main owners, Novestra converted loans of MSEK 2.6 in MyPublisher into shares. This was in connection with financing an expansion of production capacity.

A total of MSEK 13.4 was invested in Bytek Systems AB in connection with consolidation of subsidiaries and the launch of the company's service, diino®.

Dividends totaling MSEK 27.5 were received from Continuum Group Ltd. The dividends were primarily received in the form of shares in Akamai, Inc. in connection with the acquisition of Continuum's portfolio company Speedera, Inc. during the year. The liquidation of Continuum is expected to be completed in 2006.

The rate of growth in the four largest private portfolio companies was between 24 and 145 percent

Earnings per share amounted to SEK 5.94 (2.03)

Dividend of SEK 2.00 (1.00) per share proposed for 2005

In May 2005, Novestra invested MSEK 189.2 in the newly formed Nove Capital Fund and thereby phased out its own direct investments in listed companies. Over the course of eight months, the investment gave a result of MSEK 107.3, or return on capital employed of 57 percent.

At the 2005 Annual General Meeting a resolution was made to approve the proposal of a bonus program for the Managing Director, Peter Ekelund, and the working Chairman, Theodor Dalenson. In accordance with the resolution, a total bonus of MSEK 8.3 will be paid for 2005.

At the same Annual General Meeting, resolutions were also made concerning the company's future business emphasis: until the end of 2007, the company will sell the bulk of the private portfolio companies and thereby phase out the income from these sales to the shareholders. Novestra's primary business will thereafter consist of one or two consolidated and active business companies.

Novestras holding in Nove Capital will also be phased out and Novestra's Board has proposed this to be done over the next two years.

The Board of Directors and the Managing Director propose that the 2006 Annual General Meeting make a resolution on a dividend of SEK 2.00 (1.00) per share, an increase of 100 percent for the 2005 fiscal year. This means a total dividend of SEK 74 375 946. The assessment of the Board of Directors and the Managing Director is that the company can continue to conduct its business with a secure equity/assets ratio with the proposed dividend. Assuming that the market situation permits planned disposals, the Board will prepare for a one-time dividend in 2007 in accordance with the company's modified business emphasis.

Chairman's comments

Novestra has made a number of successful as well as some less successful investments since its listing in June 2000. Although our operations have been marked by relatively major successes over the past three years, there have been periods that have made great demands on our extremely small organization. Fortunately we have emerged strengthened from each difficult situation and learned from our setbacks.

Novestra workes in the most difficult area of all for an investor, namely risk capital in the true sense of the word. It is only natural that the company has had its ups and downs. We could never have been so successful without a small group of extremely loyal and competent employees, who have done their utmost in each individual situation and have never been deterred by apparently insurmount-able tasks.

Our operations require long-termism, but as a listed company, it has not been easy over the past few years to take a long-term approach. The market lost its appetite for risk and growth after the year 2000. New start-ups that were not immediately profitable were unfairly treated by the financial media, which did not have the patience to wait and give these companies the chance to develop.

If there is one consistently negative trend that has been evident over the years Novestra has been operating, it is that the financial media has too much influence on the investment philosophy of investors in the Swedish stock market. Exaggerated headlines about financial crises and problems have had a tendency to scare away many investors who do not understand that problems are a part of everyday business efforts when you are running a business, especially when we are talking about a small growth business.

The willingness to take risks has changed somewhat among Nordic investors over the past few years and a different attitude is found among investors today than two years ago. Naturally there is a risk that optimism will once again become excessive as it has so many times before. However, investors' willingness to take risks is, of course, necessary and mainly positive in a market economy.

At Novestra we have always tried to provide a correct picture of how we view the opportunities and challenges of our portfolio companies. It has not been an easy task, but in retrospect we can state that we have been fairly successful.

Much time and energy have been invested in assessing and trying to improve our portfolio companies' conditions for growth. We can also state that over the past three years, we have been more successful in providing a more balanced picture of the conditions for our operations and those of our portfolio companies than many other players in the sector. I hope that we can be as successful in the future.

I think that it is becoming increasingly difficult to assess the future appreciation in value of the portfolio. The managements of our portfolio companies display considerable optimism and it is easy to be infected by this optimism. I am personally worried about the increasing number of macroeconomic challenges, to the economy and the market since the value potential in Novestra will be highly dependent on the capital markets appetite for growth companies during the coming two years. But uncertainty need not be negative; it is advantageous to experience some uncertainty when working in the investment business since it makes you work even harder on each investment. It is this approach and quality among our employees that has made Novestra successful.

The only thing that I am completely certain of is that we at Novestra will do our utmost to deliver optimal values now that we are to divest our portfolio. We hope that it will be sufficient to satisfy our shareholders' expectations.

Stockholm, March 2006

Theodor Dalenson
Chairman

Managing Director's comments

"Sustained profitable growth can result in attractive valuations of portfolio companies"

The private equity portfolio developed well in 2005. The average growth rate was 66 percent, an increase compared to the preceding year. In parallel with accelerating growth, the portfolio companies also improved earnings, which had a favorable impact on our valuations of the companies.

Our high expectations for growth among U.S.-based portfolio companies were met in 2005. Especially noteworthy were the growth and earnings trends for MyPublisher, which we believe will continue in 2006, albeit not at the same rate of growth. MyPublisher enjoys a strong position in its segment of the digital photography market and conditions for healthy long-term development should be favorable.

Explorica is another U.S.-based company that experienced continued growth in 2005 while developing new products and services that will provide future opportunities for expansion and improved margins. Explorica's business, student travel, suffered from terrorist attacks and the war in Iraq, but a recovery has begun towards the levels prevailing in 2000.

Strax has demonstrated substantial organic growth for several years and 2005 was distinguished by robust growth and improved margins. The acquisition in December 2005 of the German company More Mobilfunkzubehör secured the prerequisites for continued near-term expansion. We expect Strax to deliver strong growth and sharply improved profitability in 2006.

Qbranch, a system management consultancy active in the Swedish market, has taken advantage of the economic upturn to successfully reinforce its market position and achieve growth of some 25 percent in 2005. Qbranch is forecasting a very good growth rate in 2006 as well and margins are expected to remain stable at about 15 percent.

Notable among the smaller companies in the portfolio is Bytek Systems, which supplies a secure mobile online file sharing and storage service. The company's patented mobile client makes it possible for users to access private files from any computer. The service, called diino®, was launched in early 2006 in the United States, the United Kingdom and Sweden.

Once again in 2005 our shareholders were able to celebrate the positive trend for the Novestra share, which increased in value by 95 percent. Average trading volume increased from 81,063 shares in 2004 to 88,097 shares in 2005. We are proposing a dividend increase to SEK 2.00, which is well justified by the company's liquidity and financial strength.

In accordance with the resolution of the 2005 Annual General Meeting to gradually divest our private equity holdings, Novestra will maintain strong focus in 2006 on enhancing the value of the private equity portfolio and creating liquidity in the companies.

We evaluated opportunities during the year to divest our entire private equity portfolio, but have determined that it will be more advantageous to divest the companies individually. Conditions for listing or industrial sales improved during the year as a result of the strong trends in the portfolio companies. The boards of directors of all companies have commenced discussions regarding strategic opportunities among the portfolio companies.

We have been tasked by the Board with identifying ways of distributing the equity thereby released to our shareholders as efficiently as possible. Until this distribution takes place in 2007, we will be reinvesting any surplus liquidity in the Nove Capital Fund, which made a substantial contribution to earnings in 2005.

Stockholm, March 2006

Peter Ekelund
Managing Director

The Novestra share

The Novestra share has been listed on the Stockholm Stock Exchange's O-List since June 21, 2000. A block consists of 500 shares. At year-end, Novestra's market value amounted to MSEK 1 297.

Since November 2002, a measure to increase liquidity has been undertaken by appointing Remium Securities AB as Novestra's market maker. The use of a market maker continued to have a positive effect, resulting in good liquidity of the share in 2005 and contributing to the increase in turnover of approximately 9 percent. Since January 2, 2006, the Novestra share has been listed on the Stockholm Stock Exchange's Attract 40 List. Selection for the Attract 40 List is based on the trading statistics for the previous six-month period for companies listed on the O-List. The basic parameter is the company's turnover rate. The share was traded on 100 percent of all trading days and the average turnover was 88 097 shares per trading day.

The Novestra share showed a positive trend in 2005. During the year, the share price rose by 95 percent, which was 65 percentage points higher than the OMX index. The share opened at SEK 17.90 on the first day of trading in 2005 and closed at SEK 34.90 on the last day of trading. The average price during the year was SEK 23.55 and the average turnover per trading day was SEK 2 206 175.

Share capital structure
Novestra's share capital amounts to SEK 37 187 973 distributed among 37 187 973 shares. The quota value is SEK 1.00. Each share carries one vote and each person entitled to vote may vote at shareholders' meetings for the full number of shares held or represented at the meeting, without limitation of voting rights. Novestra has only one class of shares and all shares carry an equal right to a share in the company's assets and profits.

Ownership structure
The total number of shareholders as at December 31, 2005 amounted to 3 846 (3 595). Foreign ownership accounted for 76.2 (68.0) percent of total outstanding shares.

Earnings per share
Earnings per share amounted to SEK 5.9 (2.0).

Dividend policy and dividend
The Board of Directors and the Managing Director have decided to propose to the Annual General Meeting a dividend of SEK 2.00 per share for the financial year 2005. The proposal is in line with the strategy approved at the Annual General Meeting in 2005 of divesting the private holdings over the following three-year period and distributing the revenues from these divestments to Novestra's shareholders in the form of one-time dividends and annual dividends. In total, this resulted in dividends of SEK 74 375 946 for 2005. A dividend of SEK 1.00 was distributed for the financial year 2004 corresponding to SEK 37 167 973.

Option program
As at December 31, 2005, Novestra had no outstanding option programs.

Other share information
Shareholders' equity per share at year-end amounted to SEK 21.3 (16.4). At the Annual General Meeting of April 26, 2005, the Board of Directors was authorized up to the next Annual General Meeting to decide – on one or more occasions and with or without a preferential right for the shareholders – to issue a maximum of 6 000 000 new shares against payment in cash, in kind or by offset. To date, this mandate has not been utilized.

Development of share capital, the parent company (KSEK)

Date	Transaction	Par value (SEK)	Change in share capital	Total share capital	Total no. of shares	Change in share premium reserve	Added to share premium through issues
April 1997	Incorporation	100.00	100	100	1 000	-	-
March 1998	Split (10:1)	10.00	-	100	10 000	-	-
March 1998	New share issue	10.00	4	104	10 400	296	296
March 1998	Issue in kind	10.00	35	139	13 900	3 080	3 376
April 1998	New share issue	10.00	10	149	14 873	1 742	5 118
April 1998	Issue in kind	10.00	14	163	16 263	2 489	7 607
May 1998	New share issue	10.00	65	228	22 763	19 922	27 529
August 1998	Bonus issue	230.00	5 008	5 236	22 763	-5 008	22 521
August 1998	Split (100:1)	2.30	-	5 236	2 276 300	-	22 521
September 1998	New share issue	2.30	460	5 696	2 476 300	7 940	30 461
September 1998	Issue in kind	2.30	96	5 792	2 518 195	1 663	32 124
June 1999	New share issue	2.30	460	6 252	2 718 195	8 540	40 664
September 1999	New share issue	2.30	828	7 080	3 078 195	6 372	47 036
January 2000	New share issue	2.30	161	7 241	3 148 195	3 339	50 375
January 2000	New share issue	2.30	1 150	8 391	3 648 196	31 350	81 726
February 2000	New share issue	2.30	2 300	10 691	4 648 196	473 950	555 676
June 2000	Bonus issue	5.00	12 550	23 241	4 648 196	-12 550	543 126
June 2000	Split (5:1)	1.00	-	23 241	23 240 980	-	543 126
September 2000	New share issue	1.00	150	23 391	23 390 980	1 350	544 476
October 2003	New share issue	1.00	7 797	31 188	31 187 973	40 730	585 206
June 2004	New share issue	1.00	6 000	37 188	37 187 973	75 706	660 912

Major shareholders and ownership structure as at December 31, 2005

Shareholders	No. of shares	Proportion of vote and capital, %
Laxey Partners Ltd	5 600 500	15.1
Deutsche Bank A.G.	5 516 789	14.8
Merrill Lynch, Pierce, Fenner & Smith, Inc.	3 313 000	8.9
M2 Capital Management L.P.	2 785 000	7.5
SEB Private Bank	1 548 499	4.2
Deutsche Bank, London Branch	1 421 844	3.8
Savannah-Baltimore Capital Management L.P.	1 296 238	3.5
Goldman Sachs & Co, Inc.	715 173	1.9
TSWII, L.P.	684 000	1.8
SIS Segaintersettle A.G.	683 016	1.8
Other	13 623 914	36.7
Total	**37 187 973**	**100.0**
of which		
Foreign ownership	28 330 742	76.2

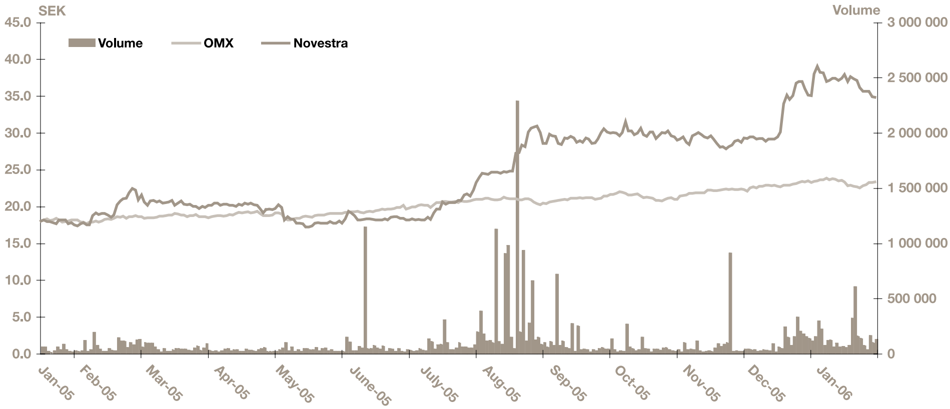
Source: VPC AB

Distribution of shares as at December 31, 2005

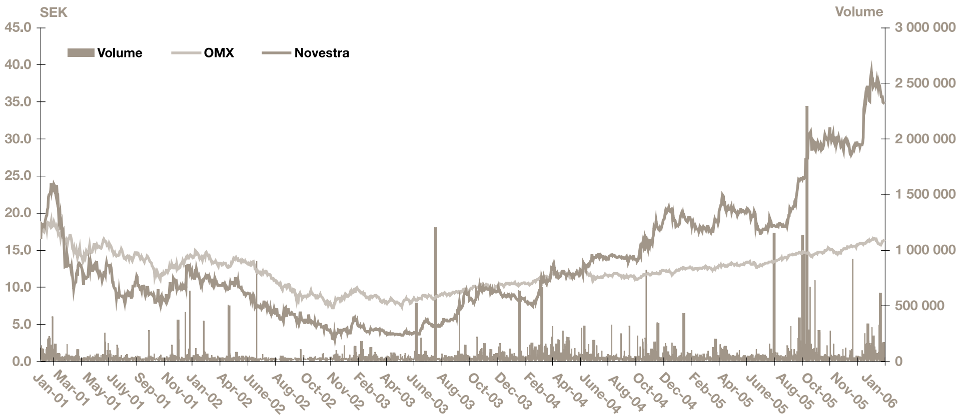
No. of shares by size	No. of shares	%	No. of shareholders	%
1 – 500	428 623	1.2	1 725	44.9
501 – 1 000	838 385	2.3	961	25.0
1 001 – 10 000	3 203 607	8.6	1 005	26.1
10 001 – 50 000	2 426 118	6.5	108	2.8
50 001 – 100 000	1 743 881	4.7	24	0.6
100 001 –	28 547 359	76.9	23	0.6
Total	**37 187 973**	**100.0**	**3 846**	**100.0**

Source: VPC AB

Novestra's share price trend and number of shares traded
January 1, 2005 - January 31, 2006
Source: Stockholm Stock Exchange



Novestra's share price trend and number of shares traded
January 1, 2001 – January 31, 2006
Source: Stockholm Stock Exchange



Future opportunities

In the past three years, the performance of the private portfolio has been very positive and the strong growth is expected to continue during 2006. The first indications in 2006 show continued strong growth and an improved earnings trend. Novestra currently envisages greater potential than risk in its private portfolio and there is substantial value potential in the coming year.

Following a decision by the Annual General Meeting concerning a gradual divestment of most of the companies in Novestra's private portfolio, the company's operations will, to a certain extent, change character over the next two years. In the future, the company's prime focus will be to support its current private portfolio companies and seek to maximize value and, consequently, the return on investments in connection with divestment.

Novestra's investments in public companies are largely made through a fund structure with a relatively large capital base, which includes participation by external investors. The objective of this structure is to enable larger investments and thereby be able to exert increased influence in the companies in which the fund invests. Novestra's participations in the fund, or the cash equivalent thereof, are also proposed to be distributed to shareholders within two years.

Due to these changes, Novestra will in the near future also work more intensely through participation in strategic discussions in companies included in its public market portfolio. As far as possible, the participation will take place through board representation and with the support of resources via Novestra's network. The increased spread of risk which the investments in public shares result in has led to a decrease of the total risk in the Novestra share compared to previous years. Simultaneously, the possibilities for a positive development in value in the private as well as in the public portfolio are estimated to remain favorable.

Future

In the past three years, the performance of the private portfolio has been very positive and the strong growth is expected to continue during 2006

Historical background

1997

Novestra was established with limited capital resources.

1997/98

Novestra built up a small portfolio of approximately ten private holdings. Some of the investments were divested during these first two years, generating high yields. In many cases, the positive outcome of these investments was the result of Novestra's active involvement in strategic issues combined with the implementation of transactions of vital importance to the companies. The proceeds from these early investments enabled Novestra to make further investments during the next two years without any additional external financing.

1999

High growth and profit expectations gave rise to a market revaluation of unlisted small cap companies. In such market conditions, Novestra made further exits and a number of major new investments. A number of these new investments were quickly assigned high valuations.

Unofficial trading in Novestra shares started in November.

2000

As a result of considerable interest in Novestra and its portfolio companies, primarily from foreign institutions, Novestra decided to carry out a new share issue that provided the company with a total of MSEK 476.

Novestra was granted investment company status in the spring.

Novestra was officially listed on Stockholmsbörsen's (the Stockholm stock exchange) O-list in June. No new share issue was implemented in connection with the listing, since the company had concluded that it did not require additional capital and that the stock exchange's requirement regarding diversified ownership had already been met. Novestra subscribed for new shares in a number of companies intended for market listing within the next twelve months.

The IT and telecom sectors experienced a dramatic downturn during the latter part of the year. Among other consequences, this resulted in the cancelation of planned IPOs for two of Novestra's portfolio companies.

2001

The weak stock market trend continued, making further industrial exits impossible. As a result, Novestra decided to focus its operations on fewer investments.

Simultaneously, significant write-downs of Novestra's book values were made. A number of Novestra's companies were disposed of and, in a few cases, were exited through liquidation or bankruptcy.

2002

The consolidation process, by which Novestra increased stakes in companies that performed well and reduced stakes in others, continued. Novestra remained actively involved in its holdings throughout the development and growth phases.

Restructuring and cuts in Novestra's administration were initiated.

2003

During the year, the performance of the venture portfolio was very positive and, following the last three years' substantial write-downs, it was resolved to reverse some of the write-downs previously made.

During the fall, Novestra implemented a rights issue which provided the company with MSEK 48.5. A new investment strategy involving an exposure towards the public stock market was initiated.

Furthermore, the company's administrative expenses were considerably reduced and a restructuring of Novestra's corporate structure by the disposal of all of its subsidiary companies was implemented.

2004

The performance of the private portfolio companies continued to be very positive during the year.

The management of the public portfolio generated high yields. During the summer, Novestra implemented a new share issue providing the company with MSEK 81.7. This was utilized to further increase the level of investments in public portfolio companies, particularly in Nordic companies.

For the financial year 2004, a dividend of SEK 1.00 per share was distributed.

Board of Directors

Theodor Dalenson (Born 1959)
Chairman. Theodor Dalenson has been a board member of Novestra since 1997, when he co-founded the company. He has been the company's Chairman since 2000. Since 1983, Mr. Dalenson has had a number of assignments for international companies such as Clorox, Kingsforth and Frontiers International, primarily within the fields of strategic planning and business development. He has served on a number of boards in both public and private companies as well as charitable organizations. Other board duties include: Nove Capital Management AB (Chairman), Scribona AB (Chairman), Carl Lamm AB (Chairman), Pergo AB, We Rock AB and ASF, Inc.

Shares in Novestra
215 000 (1)

Colin Kingsnorth (Born 1963)
Board member since 2003. Colin Kingsnorth is a partner and the Chairman of Laxey Partners Ltd. Mr. Kingsnorth previously worked at several large companies in the United Kingdom, including Robert Fleming Asset Management, Olliff & Partners and Buchanan Partners Ltd. Other board duties include: LP Value Ltd, Laxey Investors Ltd, Ceiba Finance Ltd, East European Development Fund Ltd and Tea Plantations Investment Trust Ltd.

Shares in Novestra
Colin Kingsnorth: 0 (1)
Laxey Partners: 5 600 500

Anders Lönnqvist (Born 1958)
Board member since 2000. Anders Lönnqvist has been active within a number of development and investment firms, including Hevea AB, Investment AB Beijer and Schatullet AB. Mr. Lönnqvist is the Chairman and owner of Servisen Group AB. Other board duties include: NewSec AB (Chairman), Texcel AB (Chairman), I3 micro technology AB, the Royal Swedish Yacht Club, Lokal.nu AB and SSRS Holding AB.

Shares in Novestra
154 663 (1)

(1) Where appropriate, shareholdings in Novestra include shares held by family members and holdings through companies as at December 31, 2005.

David E. Marcus (Born 1965)
Board member since 2005. David E. Marcus is the founder and Managing Partner of M2 Capital Management, L.P. He has many years of experience from executive positions at Franklin Mutual Advisers, L.L.C. Other board duties include: Modern Holdings, Inc. (Chairman), Great Universal, Inc., Shared Value, Modern Times Group MTG AB, Scribona AB and Carl Lamm AB.

Shares in Novestra
David E. Marcus 0 (1)
M2 Capital Management, L.P. 2 785 000 (1)

Bertil Villard (Born 1952)
Board member since 2003. Bertil Villard is a lawyer and partner at Vinge, one of the largest law firms in Scandinavia. He previously worked, among other things, as a legal counsel for Swedish Match AB, Stora Kopparberg AB and Esselte AB (Chief Legal Counsel), and as Head of Corporate Finance at ABN Amro Alfred Berg Fondkommission. Other board duties include: Pergo AB (Chairman).

Shares in Novestra
456 668 (1)

Mats Berglund (Born 1952)
Deputy board member since 2002. Mats Berglund was previously a member of Novestra's management team. He is currently the Managing Director of IC Control AB. He was previously a financial adviser to S:t Erik Investment AB and has accumulated over 20 years of experience within venture capital pertaining to the electronics, home appliance and automobile industries. Other board duties include: IC Control AB and Mercator International Group AB.

Shares in Novestra
1 999 (1)

Auditors

Stefan Holmström (Born 1949)
Authorized Public Accountant, KPMG Bohlins AB
Auditor for Novestra since 1999

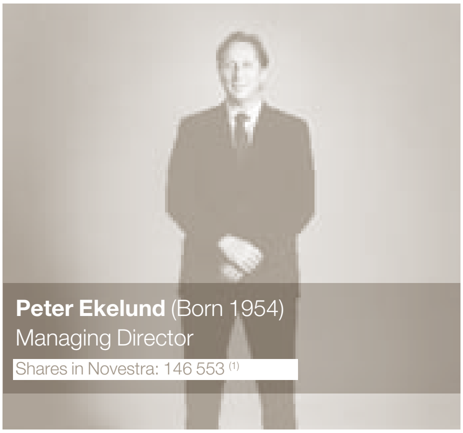
Ingrid Hornberg Román (Born 1959)
Authorized Public Accountant, KPMG Bohlins AB
Deputy Auditor for Novestra since 2002

(1) Where appropriate, shareholdings in Novestra include shares held by family members and holdings through companies as at December 31, 2005.

Senior management and employees

During the entire financial year 2005, Novestra had six employees, including the Chairman of the Board, Theodor Dalenson. For further details regarding Theodor Dalenson, please refer to page 20.

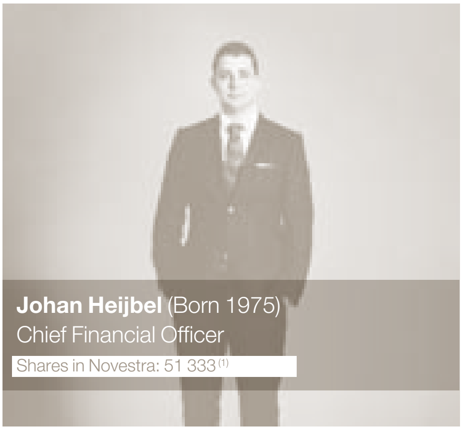
Senior management



Peter Ekelund (Born 1954)
Managing Director
Shares in Novestra: 146 553 (1)

Peter Ekelund was appointed Managing Director in 2002. Mr Ekelund worked as Project Manager for the development and launch of Absolut Vodka in the U.S. from 1977 to 1982. Mr Ekelund later served as Managing Director for a company in the U.K. within the Tetra Pak Group between 1983 and 1988. From 1989, Mr Ekelund served as Managing Director for Filmnet Benelux before becoming Group Director for Strategy and Business Development in Filmnet's parent company, Nethold B.V. Amsterdam (later Canal Plus). Between 1997 and 1999, Mr Ekelund was an Executive Director of Milan-based Media Partners International. Between 1999 and 2002, he was Executive Director and board member of Novestra and co-founded B2 Bredband AB. Mr Ekelund is a board member of Bytek Systems AB (chairman), Explorica Inc. (chairman), C More Entertainment AB, inWarehouse AB, MyPublisher Inc., Netsurvey AB, Strax Holdings Inc. and Aldata Solutions Oyj.

Employees

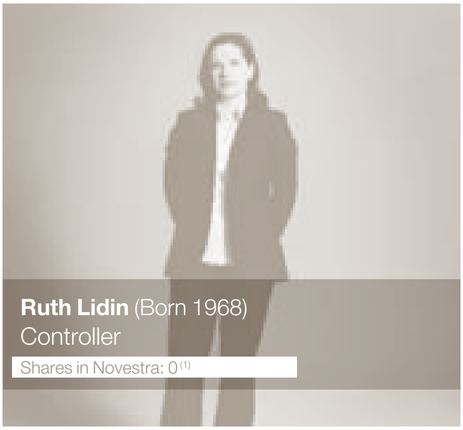


Johan Heijbel (Born 1975)
Chief Financial Officer
Shares in Novestra: 51 333 (1)

Johan Heijbel was appointed CFO in 2002. He was previously, since 2001, Controller and Investment Manager at Novestra. Prior to that, Mr Heijbel worked at Ekonomikonsult Islinge KB and, up to his permanent employment at Novestra, he was Novestra's Finance and Accounting Manager on a consultant basis since the company was founded in 1997.

Johan Heijbel is a board member of Qbranch AB.

(1) Where appropriate, shareholdings in Novestra include shares held by family members and holdings through companies as at December 31, 2005.



Ruth Lidin has been working with accounting and administration at Novestra since June 2001. She has been the group's Controller since October 2005. Ms Lidin previously worked at Athlone Extrusions in Ireland, at Medtronic-Synectics as Export Manager and later at ArthroCare Europe.

Marcus Söderblom has worked as Investment Manager at Novestra since 2000. Prior to that, Mr Söderblom worked at Hagströmer & Qviberg Fondkommission AB where he served as Project Manager in the Corporate Finance Division within the technology sector and took part in numerous capital procurements and other corporate transactions for various clients.

Marcus Söderblom is a board member of Bytek Systems AB, Netsurvey Bolinder AB and a deputy board member of Explorica Inc., We Rock AB and Carl Lamm AB.

(1) Where appropriate, shareholdings in Novestra include shares held by family members and holdings through companies as at December 31, 2005.

Novestra’s holdings

Novestra’s portfolio companies and other investments

Novestra’s portfolio companies consist of small to medium-sized private companies with varying operations and geographical spread as well as indirect investments in public holdings through the Nove Capital Fund. Novestra can thereby offer its investors a well-diversified portfolio.

As at December 31, 2005, the carried value of Novestra’s private holdings including Novestra’s investment in Nove Capital and other investments, totaled MSEK 811.

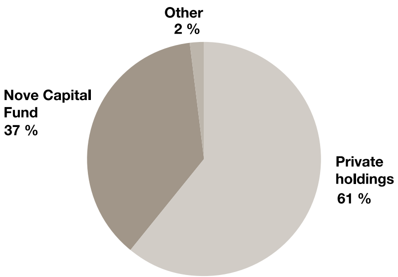
The private portfolio accounted for 61 percent of the total investments, of which 69 percent of the private portfolio was comprised of foreign companies with operations based in the U.S.

The market value of the public holdings and the holding in Nove Capital amounted to MSEK 317 as at December 31, 2005 and accounted for 39 percent of the total investments.

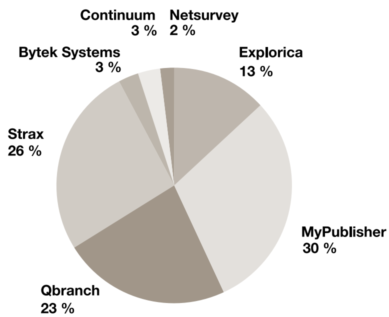
An overview and description of Novestra’s portfolio companies are presented below and on the following pages.

Values as at December 31, 2005

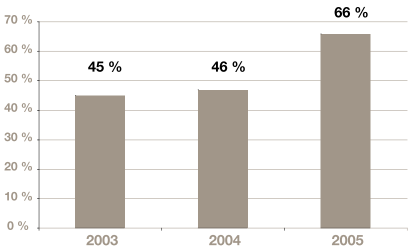
Distribution of carried values



Distribution of carried values private holdings

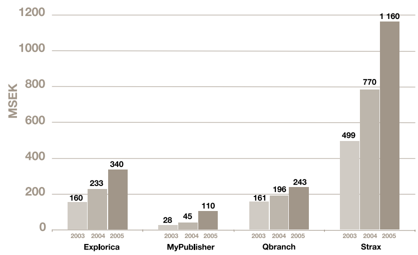


Average growth in sales private holdings(1) 2002–2005



(1) Major private holdings: Explorica, MyPublisher, Qbranch and Strax

Sales development private holdings 2002–2005



Novestra's holdings as at December 31, 2005, MSEK

Carried values **Holdings**	**Ownership**	**Group**	**Parent company**
Major private holdings			
Explorica	13.6%	64.4	64.4
MyPublisher	27.9%	148.9	48.4
Qbranch	24.0%	115.8	53.8
Strax	19.6%	127.8	127.8
		456.9	294.4
Other private holdings			
Bytek Systems	44.8%	13.4	13.4
Continuum	12.3%	13.2	13.2
Netsurvey	45.3%	10.0	10.0
Other	n/a	0.4	0.4
		37.0	37.0
Total private holdings		**493.9**	**331.4**
Public holdings			
Nove Capital		296.5	296.5
Other		20.8	20.8
Total public holdings		**317.3**	**317.3**
Total investments		**811.2**	**648.8**

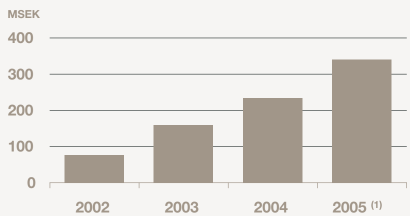
Major private holdings

Explorica, USA
Explorica is an international operator of educational travel. The company has its headquarters in Boston, Massachusetts and operations in the U.S., Canada, Poland and Sweden. Explorica was founded in April 2000 and the management has considerable experience from the travel industry.

Explorica specializes in arranging educational travel for students in collaboration with teachers and schools. Both sales and administration are managed through a proprietary online system for group travel, which uses the latest available technology in an innovative manner to streamline operational processes, making travel more accessible and more cost effective.
The majority of travel programs are sold eight to twelve months prior to the actual travel date. The company therefore has a good overview of its future business volume. Despite the unsettled global climate, Explorica has succeeded in growing substantially over the past few years. During 2004 and 2005, the company established itself as one of the leading players on the North American student travel market.

Explorica's main competitors are EF, ACIS, NETC and CHA.
Explorica's largest shareholder, apart from Novestra, is Explorica's management.

Growth in sales, 2002–2005



www.explorica.com

Investment facts	2005 (1)	2004	2003	2002
Sales, MSEK (2)	340.5	232.8	159.9	77.4
Growth in sales	46%	46%	107%	49%
EBITDA, MSEK (2)	-11.1	-12.9	-20.8	-27.6
Net income, MSEK (2)	-15.0	-15.7	-21.6	-50.6

No. of employees at end of the period	75
Cash flow	Positive
Chairman of the Board	Peter Ekelund
CEO and founder	Peter Nilsson

Novestra (3)	
Carried value, MSEK	64.4
Ownership before dilution and exercise of options, etc.	13.6%

(1) Unaudited figures. (2) USD/SEK = 7.96. (3) As at December 31, 2005.

MyPublisher, USA

MyPublisher was founded in 2001 and is located in Westchester, New York and Milton Keynes, U.K. MyPublisher offers customers the possibility of arranging digital photos in a personal photo album on a computer. The album is then sent to the company via the internet as a file. MyPublisher then prints individual, bound or pocket-size photo books or presentations and delivers them in 24 to 48 hours.

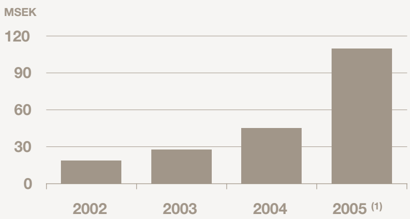
For this purpose, MyPublisher has developed its own production system and software, BookMaker™, and has set up production facilities in the U.S. and Europe.

MyPublisher has shown very high growth over the past few years. During its expansion phase, the company has been a subcontractor to a number of leading software companies and computer manufacturers, but as from the financial year 2006 it will focus on sales under its own brand to end consumers. This will result in lower growth in 2006 but considerably higher margins.

In 2005, the company also successfully launched a number of new products and more than doubled its production capacity through a new production facility in Europe. This is intended to support the launches planned for 2006 in major European markets.

Apart from Novestra, MyPublisher's founder, Carl Navarre Jr., is the company's largest shareholder.

Growth in sales, 2002–2005



www.mypublisher.com

Investment facts	2005 (1)	2004	2003	2002
Sales, MSEK (2)	1010.1	44.9	27.7	19.0
Growth in sales	145%	62%	46%	158%
EBITDA, MSEK (2)	14.9	-1.6	-3.9	-14.3
Net income, MSEK (2)	5.9	-8.6	-6.6	-20.9
No. of employees at end of the period	79			
Cash flow	Positive			
Chairman of the board, CEO and founder	Carl Navarre Jr			
Novestra (3)				
Carried value, MSEK	148.9			
Ownership before dilution and exercise of options, etc.	27.9%			

(1) Unaudited figures. (2) USD/SEK = 7.96. (3) As at December 31, 2005.

Qranch, Sweden

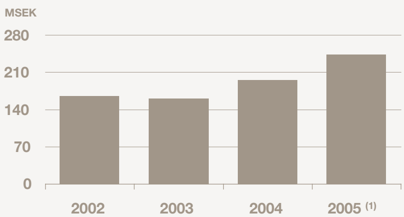
Qbranch, which was founded in 1993, is currently located in Stockholm, Gothenburg and Malmö and is one of Sweden's leading consultancies in systems management and secure IT operation. The company offers a broad range of services such as consulting, outsourcing, security and systems integration solutions (including secure operation), functionality, security and knowledge of IT use, which support business operations and thereby enhance customers' competitiveness and reduce their costs.

For the past four years, Qbranch has qualified for Ahrens and Svenska Dagbladet Näringsliv's list of Sweden's fastest growing companies. In 2005, the company was ranked as the fastest growing IT consultancy. Qbranch is represented in Veckans Affärer's "Best place to work" list as well as European growth lists such as Europe's 500. Qbranch competes with IT consultancies operating in the Nordic market.

Qbranch operates mainly in the following sectors: banking, telecom, food, pharmaceuticals, industry, media and public administration. The company has been an established supplier of consultancy services to many of Sweden's leading companies and organizations for a number of years. Qbranch's customers include aftonbladet.se, Alecta, Assa Abloy, Dagens Nyheter, Front Capital Systems, Föreningssparbanken, ICA, IKEA, netXtra, Riksbyggen, SalusAnsvar, Sandvik, SEB, Sigtuna Municipality, Trelleborg, Vattenfall and Volvo.

Qbranch's largest shareholders, apart from Novestra, are the founders, Rune Mossberg and Ulf Engerby, and IT Investments Holding S.a.r.l.

Growth in sales, 2002–2005



QBRANCH SYSTEM MANAGEMENT

www.qbranch.se

Investment facts	2005 (1)	2004	2003	2002
Sales, MSEK	243.2	195.8	160.9	165.2
Growth in sales	24%	22%	-3%	-7%
EBITDA, MSEK	40.3	30.7	18.9	17.3
Net income, MSEK	23.2	17.4	9.8	9.1
No. of employees at end of the period	307			
Cash flow	Positive			
Chairman of the Board	John Wattin			
CEO and founder	Ulf Engerby			
Novestra (2)				
Carried value, MSEK	115.8			
Ownership before dilution and exercise of options, etc.	24.0%			

(1) Unaudited figures. (2) As at December 31, 2005.

Strax, USA

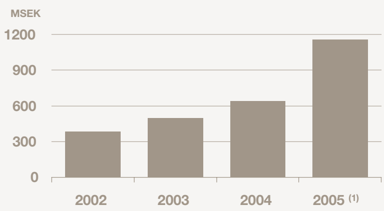
Strax was founded in 1996 and has its headquarters in Miami, Florida as well as regional operations in London, Cologne, Dubai and Hong Kong. The company develops, markets and sells a range of innovative mobile phone accessories, principally to mobile operators and distributors mainly located in North and South America and Europe. Strax also supplies mobile phones from leading manufacturers and offers services focused on the needs of mobile operators, such as inventory and logistics solutions.

Over the past few years, Strax has continuously shown very high growth. In 2005, the positive trend continued, particularly in the company’s European operations. In December, Strax acquired its German competitor, More Mobilfunkzubehör GmbH, and expects to achieve total sales of at least MUSD 250 in financial year 2006.

Strax has a number of small and medium-sized competitors. The company’s customers mainly consist of mobile operators, service companies and retail chains such as AT&T, Andrew, BellSouth, Cingular, Kmart, Telemovil El Salvador, TDK, T-mobile, TracFone and Verizon.

Strax’s largest shareholders, apart from Novestra, are one of the founders, Ingvi Tómasson, and Landsbanki Íslands hf (The National Bank of Iceland).

Growth in sales, 2002–2005



STRAX

www.strax.com

Investment facts	2005 (1)	2004	2003	2002
Sales, MSEK (2)	1 159.8	770.3	498.5	385.3
Growth in sales	51%	55%	29%	37%
EBITDA, MSEK (2)	27.9	12.6	13.5	-1.4
Net income, MSEK (2)	12.2	1.9	5.5	-5.0
No. of employees at end of the period	75			
Cash flow	Positive			
Chairman of the board, CEO and founder	Ingvi Tómasson			
Novestra (3)				
Carried value, MSEK	127.8			
Ownership before dilution and exercise of options, etc.	19.6%			

(1) Unaudited figures. (2) USD/SEK = 7.96. (3) As at December 31, 2005.

Other private holdings

BYTEK systems

Bytek Systems, Sweden

Bytek Systems was founded in 2004 and is today based in Stockholm, with a sales office in Atlanta, Georgia. The company has developed a patented software, diino™, which enables the end user to securely store and access digital files such as text files, digital images and music from any computer connected to the internet.

diino™ software creates a secure connection between a computer connected to the internet and an external server. Communication to and from the diino server is protected by 2 048 bit encryption and is hence very difficult to eavesdrop. At the same time, it is easy for the end user to share the securely stored information with other users by creating temporary access to selected parts of the files.

In 2005, Bytek Systems launched its product, diino™, in Mexico through Telmex's broadband unit, Prodigy®. diino™ is also available in Sweden from Bredbandsbolaget (under the NetPocket name) and from www.diino.com.

What differentiates diino™ from rival solutions, such as traditional online storage, FTP software and VPN tunnels, is its simplicity, security and very reasonable price. The files are stored on an advanced data storage solution supplied and monitored by Hitachi, and which restores itself if one or more hard drives fail. Moreover, the UNIX environment prevents PC viruses from spreading between files.

Apart from Novestra, Bytek Systems' largest shareholder is the founder Dani Duroj.

Continuum group Ltd.

Continuum, USA

Continuum was founded in 2000 with the objective of investing mainly in smaller growth companies in the telecom, broadband and data applications sectors in Europe and the U.S.

In 2004, the shareholders of Continuum resolved to liquidate the company and distribute the liquid assets from the company's sales of portfolio companies to its shareholders. Novestra received a number of one-time dividends in 2004 and 2005 following several successful company sales. In 2005, Novestra received dividends from Continuum totaling approximately MSEK 28. At year-end 2005, Continuum's main shareholding was Akamai Technologies, Inc., listed on NASDAQ, which Continuum received as payment in connection with the sale of the portfolio company Speedera Networks, Inc. Part of the holding in Akamai was distributed to Novestra and Continuum's shareholders in 2005, and the remaining third is expected to be distributed in 2006.

Netsurvey, Sweden

Netsurvey was founded in 1996 and has now developed the next generation of employee and customer surveys. Netsurvey's process-driven systems operate across the whole organization down to project or group level, contributing to overall business objectives being achieved more rapidly.

Netsurvey's systems have been implemented by customers in 50 countries and involve more than 250 000 people in customized improvement processes. The company has developed its own technology platform which, according to the company, can offer the fastest and most cost-effective information collection on the market while providing a detailed research tool.

Netsurvey performed well in 2005, but did not manage to achieve its sales targets for the financial year. Sales amounted to MSEK 23 in 2005 and the company showed positive earnings for the year. Both growth and profitability are expected to pick up in 2006.

Above all, Netsurvey has broad competence with regard to internal company surveys and has implemented assignments for customers including IKEA, Hilton, TeliaSonera, Tetra Pak, TietoEnator, Volvo and Volvo Car.

Apart from Novestra, Netsurvey's largest shareholders are Servisen Private Equity Fund Ltd and the founder, Peter Bolinder.

Public holdings

nove CAPITAL

Nove Capital Management and Nove Capital Fund are two entities independent of Novestra which manage capital from a number of international investors and Novestra.

Novestra has an administration agreement with Nove Capital Management, which means that Novestra is in charge of certain parts of the fund's administration and accounting procedures. For this assignment, Novestra receives a variable fee based on the assets managed by the fund. The administration agreement can be terminated by either party and expires at the end of 2007.

Nove Capital's investment strategy is to invest in public companies mainly located in the Nordic countries. The fund strives to invest in companies that are usually overlooked by the market and whose shares are likely to be undervalued.

Nove Capital is an active investor in the small company sector, whose network focuses on boards of directors and management teams for the purpose of improving and streamlining individual company operations to achieve at least the same productivity as other companies in the same segment. An example of this kind of investment is Pergo AB.

As a complementary investment strategy, Nove Capital focuses on certain large companies with turnaround potential or experiencing changes in their market situation that the individual company can benefit from. An example of this kind of investment in 2005 is ABB Ltd.

The Board of Directors' Report including financial statements, notes concerning accounting principles and comments to the financial statements

The Board of Director's Report

The Board of Directors and the Managing Director of AB Novestra (publ), corporate identity number 556539-7709, hereby present the annual report and consolidated financial statements for the financial year January 1 – December 31, 2005. As of January 1, 2005, Novestra's consolidated financial statements are prepared in accordance with IFRS. This annual report is the first to apply these principles. For a description of the effects of the transition to IFRS, please refer to Notes 1 and 20.

All amounts are provided in SEK thousands (KSEK) unless indicated otherwise. Figures provided in parentheses refer to comparative figures for the previous year.

Operations

Novestra is an independent investment company with a portfolio of private growth companies.

Novestra's private portfolio includes major holdings in Bytek Systems AB, Explorica, Inc., MyPublisher, Inc., Netsurvey AB, Qbranch AB and Strax Holdings, Inc. Novestra also has an investment in Nove Capital Fund, which largely invests in public companies assessed as having good value potential. The Novestra share is listed on the O-List (Attract 40) of the Stockholm Stock Exchange.

Net earnings and financial position

The group

The group's net earnings for the year amounted to 220 880 (69 395). The earnings include gross profit from investment activities totaling 248 171 (90 302), of which value changes amounted to 218 024 (48 844) and dividends came to 30 147 (41 458). The net earnings also include gross profit from other activities totaling 1 140 (-), administrative expenses amounting to -32 191 (-20 292) and net financial income of 4 076 (-615).

Cash equivalents amounted to 2 693 (78 613); including liquid investments, cash equivalents amounted to 303 270 (88 300). The balance sheet total amounted to 839 257 (642 143), of which equity totaled 792 453 (608 762). This corresponds to an equity/assets ratio of 94.4 (94.8) percent.

The parent company

The parent company's net earnings for the year amounted to 167 753 (56 195). This figure includes gross profit from investment activities totaling 195 858 (77 102), of which earnings from shares and participations amounted to 165 711 (35 644) and dividends 30 147 (41 458). The parent company's net earnings also include administrative expenses of -32 181 (-20 292) and net financial income totaling 4 076 (-615).

Cash and bank balances amounted to 2 593 (78 613); including liquid investments, cash equivalents amounted to 303 170 (88 300). The balance sheet total amounted to 675 704 (532 043), of which equity totaled 629 226 (498 661), corresponding to an equity/assets ratio of 93.1 (93.7) percent.

Investments and disposals

The group and the parent company

Investments during the year, including investments not affecting the cash flow, amounted to 367 330 (154 714), of which 366 815 (153 990) consisted of investments in fixed financial assets and 515 (724) investments in tangible assets. In the parent company, an additional 100 (-) refers to investments in subsidiaries.

Of the investments in fixed financial assets, 33 884 (13 862) is attributed to investments in private holdings, 143 751 (140 128) to direct investments in public portfolio companies and 189 180 (-) investments in funds.

Investments in private holdings were as follows: 13 434 in Bytek Systems AB, 11 868 in Strax Holdings, Inc., 2 573 in MyPublisher, Inc. and 6 009 in other private holdings.

Investments in public holdings included the following: 35 784 in Active Biotech AB, 28 008 in Wilh. Sonesson AB, 23 182 in Akamai Technologies, Inc., 19 428 in Pergo AB, 16 018 in InWarehouse AB and 21 331 in other public companies.

Investments in funds during the year consisted exclusively of the investment in Nove Capital Fund Ltd.

Disposals of fixed financial assets during the year amounted to 296 270 (99 412), of which 22 240 (-) refers to private holdings and 274 030 (99 412) public holdings. Disposals of private holdings included 11 136 in the C More Group AB and 11 104 in other private companies. The largest disposals of public companies were 62 799 in Pergo AB, 37 789 in Active Biotech AB, 35 478 in Wilh. Sonesson AB and 29 728 in Millicom International Cellular S.A., in addition to 108 236 in other public holdings.

Significant events during the year

Growth in the four largest private holdings, Explorica, MyPublisher, Qbranch and Strax, amounted to between 24 and 145 percent, and the companies showed improved earnings and positive cash flows at the end of the year.

Novestra has participated in add-on investments in the private portfolio companies in connection with expansions and acquisitions in the respective companies. 11 868 was invested in Strax in connection with the purchase of a German competitor, More Mobilfunkzubehör GmbH, which should considerably strengthen Strax's position in Europe. Novestra has invested 2 573 in MyPublisher together with the other owners in order to finance an overall increase in production capacity as well as to set up a production facility in Europe. During the year, a total of 13 434 was invested in Bytek, which in 2005 entered into several important partnership agreements and finished the development of its product, diino®.

During the year, Novestra received 27 522 in dividends from Continuum, of which 23 182 consisted of stock in Akamai and 4 340 in cash. A cash dividend of 2 625 was also received from Qbranch.

In May 2005, Novestra invested 189 180 in the Nove Capital Fund. Novestra's yields from the Nove Capital Fund on December 31, 2005 amounted to MSEK 107.3, corresponding to value appreciation of 57 percent.

At the Annual General Meeting of April 26, 2005, David E. Marcus was elected a new board member, thereby replacing W. Thorpe McKenzie, who had declined reelection due to other commitments.

Decisions were also made pertaining to the company's future business focus. The Annual General Meeting resolved to have a target for the disposal of a considerable proportion of the company's holdings in private companies by the end of 2007. Subsequently, the proceeds from these disposals are to be distributed to Novestra's shareholders and Novestra's assets are to thereafter mainly consist of one or two consolidated and active business operations. It was also resolved that Novestra's management of public securities as well as future investments in primarily public companies are to take place indirectly through the Nove Capital Fund.

The Annual General Meeting also set a dividend to shareholders at SEK 1.00 per share.

In addition to the bonus resolved at the Meeting held on May 6, 2004, the Annual General Meeting also resolved to grant Peter

Ekelund and Theodor Dalenson a discretionary bonus for the financial year 2004 amounting to 1 132 each. Also, the principle for bonuses in 2005 was agreed upon. The Annual General Meeting resolved to reduce the company's share premium reserve by 309 406 543 by transferring funds to non-restricted equity, and on August 16, 2005, a district court ruled in Novestra's favor. This decision substantially increases Novestra's ability to pay dividends and distribute assets to company shareholders.

Liquidity and financing

As at December 31, 2005, cash equivalents amounted to 2 693 (78 613); including liquid investments, this amount was 303 270 (88 300), including unrealized surplus values. Current liabilities to credit institutions totaled 29 903 (24 851) and unutilized credit facilities amounted to 20 097 (15 149) as at the reporting date. In February 2006, an additional 75 000 in credit was granted.

Significant events after the end of the period

No significant events have, as of the signing of this annual report, incurred.

Future opportunities

In the past three years, the performance of the private portfolio has been positive with the growth expected to continue in 2006. The first indications for 2006 show continued growth and an improved earnings trend. At the current time, Novestra assesses that the potential for value appreciation is greater than the level of risk in the private portfolio.

The Annual General Meeting resolved to gradually divest most of the companies in Novestra's private portfolio. This means that the company's operations will, to a certain extent, change character over the next two years. In the future, the company's prime focus will be to support its current private portfolio companies, seek to maximize value and, consequently, the return on investments in connection with divestments.

Novestra's investments in public companies are managed through a fund structure with a larger capital base that includes participation by external investors. The objective is to enable larger investments and thereby be able to exert increased influence in the companies in which the fund has invested. Novestra's shares in the new fund structure or the cash equivalent thereof are also proposed to be distributed to company shareholders within two years.

Due to these changes, Novestra will in the near future also work more intensely through participation in strategic discussions in companies included in its public market portfolio. As far as possible, this participation will take place through board representation and through the support of various resources in Novestra's network. The increased spread of risk that the investments in public shares result in has led to a decrease in the total risk in the Novestra share compared to previous years. At the same time, the potential for the good performance of the private and public portfolios remains favorable.

Risk

The most important types of risk present in Novestra's business activities are commercial risk, price risk attributed to shares in private and public holdings, and currency risk. Other types of risk affecting Novestra's financial operations are liquidity, interest rate and credit risk. The work of carrying out analyses and assessing risk is a continual process. This work is done by the senior management and reported to the board of directors. For a more detailed account of types of risk, please see Note 2.

Corporate Governance

Legislation and articles of association

AB Novestra must in the first instance apply the Swedish Companies Act, the Listing Agreement of the Stockholm Stock Exchange and the rules and recommendations issued by, for example, the Industry and Commerce Stock Exchange Committee. Moreover, Novestra shall, when conducting business, follow the rules in the company's articles of association, which are available on Novestra's website.

Annual General Meeting

The notice convening the Annual General Meeting shall be sent out no earlier than six and no later than four weeks prior to the Meeting. This notice contains information on applications and rights to participate and vote at the Meeting, a numbered agenda for the Meeting, information on the proposed dividend and the essence of other proposals. Shareholders or proxies are entitled to vote for all the shares they own or represent. Proposals to be dealt with at the Meeting should be addressed to the Board and sent well in advance of the date for sending the Notice of Meeting. Minutes of the Meeting will be sent to those shareholders requesting this. Further information on the 2006 Annual General Meeting is provided on page 77.

Board of Directors

The members of the Board of Directors are elected annually by the Annual General Meeting for the period until the end of the following year's Annual General Meeting. There are no rules regulating how long a member may serve on the Board of Directors. Novestra's three largest shareholders jointly decide on candidates for nomination in collaboration with the Chairman of the Board. Novestra's Board consists of five members and one deputy member. The Chairman is the only board member who has an operative position in the company. The Managing Director is not a member of the Board. The composition of the Board is described on pages 20-21 and a description of remunerations to the board members and the Managing Director is presented in Note 7.

During the financial year, the Board convened for seven board meetings. Between meetings of the Board, there was continuous contact between the company, its chairman and other board members. Board members were also continuously provided with written information of importance with regard to the company.

Novestra's Board formulates a procedural plan for the Board every year. The procedural plan adopted for the Board includes the following:

- the Board shall meet at least five times per calendar year;

- the Managing Director is empowered to sign the company's interim reports;

- the members of the Board shall receive documentation regarding matters to be dealt with at board meetings well before the meeting and be provided with a monthly report of the company's operations; and

- in order to ensure that the Board maintains a dialogue with the auditors, the company's auditor shall participate in one board meeting annually and report on his or her observations from the annual auditing work.

The procedural plan also includes a description of matters to be dealt with at each board meeting and the specific resolutions to be passed at the statutory meeting. The procedural plan also gives instructions for the Managing Director.

Significant business matters dealt with by the Board of Directors during the financial year

The Board of Directors proposed to the Annual General Meeting held on April 26, 2005 to change the company's future business focus.

The Annual General Meeting resolved to have a target for the disposal of a considerable proportion of the company's holdings in private companies by the end of 2007. Subsequently, the proceeds from these disposals are to be distributed to Novestra's shareholders and Novestra's assets are to thereafter mainly consist of one or two consolidated and active business operations. It was also resolved that Novestra's management of public securities and future investments in primarily public companies are to take place indirectly through the Nove Capital Fund.

Other business matters dealt with by the Board during the year included investment and divestment decisions pertaining to holdings and the preparation of the company's financial reports and the year-end report communicated to the market.

In addition, the Board of Directors has dealt with the matter of a variable result-based incentive program for the company's employees, which will be proposed to the Annual General Meeting to be held on April 25, 2006.

The Board's complete proposal will be announced in conjunction with the notice convening the Annual General Meeting of April 25, 2006.

Investor Relations
Novestra's information to shareholders is provided via annual, year-end and interim reports and on the company's website.

Reports and press releases for previous years can also be found on the website.

Environment
Novestra does not conduct operations requiring environmental permits or any obligation to report in accordance with environmental laws. Novestra's environmental impact is negligible but the company works actively to minimize its operations' environmental impact. The basis for the environmental work is group-wide environmental awareness. Folksam annually rates Swedish listed companies' impact on the climate through a climate index. Novestra's climate work has been approved and is rated four stars out of five.

Proposed distribution of earnings (SEK)
At the disposal of the Annual General Meeting is:

Retained earnings	416 785 199
Net earnings for the financial year 2005	167 753 000
Total	**584 538 199**

The Board of Directors and the Managing Director propose that 74 375 946, corresponding to SEK 2.00 per share, be distributed to shareholders and that 510 162 253 be transferred to profit carried forward.

For further information regarding the company's earnings and financial position, please refer to the income statement, balance sheet, cash flow statement and the corresponding notes to the financial statements.

Consolidated income statement, SEK thousands

	NOTE	12 months ended December 31, 2005	Pro forma 12 months ended December 31, 2004
Investment activities	4		
Changes in value		218 024	48 662
Dividends		30 147	41 640
Gross profit/loss investment activities		**248 171**	**90 302**
Other operations	5		
Net sales		1 140	-
Gross profit/loss other operations		1 140	-
Gross profit/loss		**249 311**	**90 302**
Administrative expenses	6, 7, 8, 9	-32 191	-20 292
Operating profit/loss		**217 120**	**70 010**
Financial income	10	4 888	1 222
Financial expenses	10	-812	-1 837
Net financial items		**4 076**	**-615**
Profit/loss before tax		**221 196**	**69 395**
Taxes	11	-316	-
Profit/loss for the year(1)		**220 880**	**69 395**
Result per share prior to dilution, SEK		5.94	2.03
Result per share after dilution, SEK		5.94	2.03
Average number of shares during the period, prior to dilution		37 187 973	34 245 507
Average number of shares during the period, after dilution		37 187 973	34 245 507

(1) As there is no minority interest in the group the entire result for the year is attributed to the parent company's shareholders.

Consolidated balance sheets, SEK thousands

Assets	NOTE	December 31, 2005	Pro forma December 31, 2004
Tangible assets			
Equipment	12	1 414	1 134
Shares and participations	13	811 233	522 938
Total tangible assets		**812 647**	**524 072**
Current assets			
Prepaid expenses and accrued income		1 689	3 459
Other receivables		22 228	26 305
Current investments	14	-	9 694
Cash and cash equivalents	15	2 693	78 613
Total current assets		**26 610**	**118 071**
Total assets		**839 257**	**642 143**
Equity and Liabilities			
Equity	16		
Share capital		37 188	37 188
Other contributed equity		316 906	316 907
Retained earnings, including profit/loss for the year		438 359	254 667
Total equity		**792 453**	**608 762**
Liabilities			
Current liabilities			
Interest-bearing liabilities	17	29 903	24 851
Accounts payable		435	570
Tax liabilities		316	-
Other liabilities		2 411	527
Accrued expenses and prepaid income		13 739	7 433
Total current liabilities		**46 804**	**33 381**
Total liabilities		**46 804**	**33 381**
Total equity and liabilities		**839 257**	**642 143**

See Note 18, for the group's contingent liabilities and assets pledged as securities.

Consolidated statement of change in equity, SEK thousands

	Share capital	Other contributed equity	Retained earnings, incl. profit/loss for the year	Total equity
Opening balance 1/1 2004 (proforma)	**31 188**	**588 259**	**-161 786**	**457 661**
Profit/loss for the year (proforma)	-	-	69 395	69 395
Total change in equity, excluding transactions with the shareholders	-	-	69 395	69 395
New share issue[1]	6 000	75 705	-	81 705
Balance at year end 2004 (proforma)	**37 188**	**663 965**	**-92 391**	**608 762**
Profit/loss for the year	-	-	220 880	220 880
Total change in equity, excluding transactions with the shareholders	-	-	220 880	220 880
Dividend	-	-	-37 188	-37 188
Balance at year end 2005	**37 188**	**663 965**	**91 301**	**792 453**

As at December 31, 2005, share capital amounted to SEK 37 187 973 distributed over an equal amount of shares. Quota value amounted to SEK 1.00. Total equity as at December 31, 2005, amounted to 792 453 (608 762) corresponding to SEK 21.31 (16.37) per share.

Further information on the group's equity is available in Note 16.

(1) The new share issue of 6 000 000 shares was implemented in the summer of 2004 and provided the company with funds totalling 81 705, after transaction costs amounting to 195.

Consolidated statement of cash flows, SEK thousands

	NOTE	12 months ended December 31, 2005	Pro forma 12 months ended December 31, 2004
Operating activities			
Profit/loss before tax		221 196	69 395
Adjustment for non cash items		-240 985	-48 442
Taxes paid		-	-
Funds provided from operations prior to changes in working capital		**-19 789**	**20 953**
Details of changes in working capital:			
Increase (-)/Decrease (+) in current receivables		3 574	-20 971
Increase (-)/Decrease (+) in current liabilities		8 055	2 502
Cash flow from operations		**-8 160**	**2 484**
Investment activities			
Investments in tangible assets		-515	-724
Investments in financial assets		-142 241	-137 243
Proceeds from sale of financial assets		107 132	121 565
Cash flow from investment activities		**-35 624**	**-16 402**
Financing activities			
Changes in interest-bearing liabilities		5 052	-184
New share issue		-	81 900
Transaction costs for new share issue		-	-194
Dividend		-37 188	-
Cash flow from financing activities		**-32 136**	**81 522**
Cash flow for the year	19	**-75 920**	**67 604**
Cash and cash equivalents at the beginning of the year		**78 613**	**11 009**
Cash and cash equivalents at the end of the year		**2 693**	**78 613**

The parent company's income statements, SEK thousands

	NOTE	12 months ended December 31, 2005	12 months ended December 31, 2004
Investment activities	21		
Result from shares and participations		165 711	35 462
Dividends		30 147	41 640
Gross profit/loss		**195 858**	**77 102**
Administrative expenses	22, 23, 24	-32 181	-20 292
Operating profit/loss		**163 677**	**56 810**
Result from financial items			
Interest income and similar income	25	4 888	1 222
Interest expense and similar charges	25	-812	-1 837
Profit/loss after financial items		**167 753**	**56 195**
Current taxes		-	-
Profit/loss for the year		**167 753**	**56 195**

The parent company's balance sheets, SEK thousands

Assets	NOTE	December 31, 2005	December 31, 2004
Fixed assets			
Tangible fixed assets:			
Equipment	26	1 414	1 134
Financial fixed assets:			
Shares and participations in group companies	27	100	-
Shares and participations in associated companies	28	125 720	112 552
Other shares and participations	29	523 100	300 286
		648 920	412 838
Total fixed assets		**650 334**	**413 972**
Current assets			
Other receivables		14 583	22 931
Receivables from associated companies		7 645	3 374
Prepaid expenses and accrued income		549	3 459
		22 777	29 764
Current investments		-	9 694
Cash and bank balances		2 593	78 613
Total current assets		25 370	118 071
Total assets		**675 704**	**532 043**

The parent company's balance sheets, SEK thousands

Equity and Liabilities	NOTE	December 31, 2005	December 31, 2004
Equity	30		
Restricted equity:			
Share capital		37 188	37 188
Statutory reserve		7 500	316 906
		44 688	**354 094**
Non-restricted equity:			
Accumulated profit/loss		416 785	88 372
Profit/loss for the year		167 753	56 195
		584 538	**144 567**
Total equity		**629 226**	**498 661**
Liabilities			
Current liabilities			
Interest-bearing liabilities	31	29 903	24 851
Accounts payable		435	570
Tax liabilities		2 411	527
Accrued expenses and prepaid income	32	13 729	7 434
Total current liabilities		**46 478**	**33 382**
Total liabilities		**46 478**	**33 382**
Total equity and liabilities		**675 704**	**532 043**

Assets pledged and contingent liabilities			
Pledged assets	33	115 800	146 837
Contingent liabilities		none	none

The parent company's statement of changes in equity, SEK thousands

	Share capital	Statutory reserve	Other contributed equity	Retained earnings, incl. profit/loss for the year	Total equity
Opening balance 1/1 2004 (proforma)	**31 188**	**-**	**241 201**	**20 136**	**292 525**
Adjustment for change of accounting principle	-	-	-	68 236	68 236
Adjusted equity January 1, 2004	**31 188**	**-**	**241 201**	**88 372**	**360 761**
Profit/loss for the year	-	-	-	56 195	56 195
Total change in equity excluding transactions with the shareholders	-	-	-	56 195	56 195
New share issue(1)	6 000	-	75 705	-	81 705
Balance at year end 2004	**37 188**	**-**	**316 906**	**144 567**	**498 661**
Profit/loss for the year	-	-	-	167 753	167 753
Total change in equity excluding transactions with the shareholders	-	-	-	167 753	167 753
Reduction of the share premium reserve(2)	-	-	-309 406	309 406	-
Dividend	-	-	-	-37 188	-37 188
Reclassification of the share premium reserve	-	7 500	-7 500	-	-
Balance at year end 2005	**37 188**	**7 500**	**-**	**584 538**	**629 226**

As at December 31, 2005, share capital amounted to SEK 37 187 973 distributed over an equal amount of shares. Quota value amounted to SEK 1.00.

Further information on the parent's company equity is available in Note 30.

(1) The new share issue of 6 000 000 shares was implemented in the summer of 2004 and provided the company with funds totaling 81 705, after transaction costs amounting to 195.

(2) At the Annual General Meeting on April 26th, 2005 it was decided to reduce the share premium reserve for transfer to non-restricted equity. On August 16th, 2005 the district court granted AB Novestra permission to reduce the share premium reserve.

The parent company's statement of cash flows, SEK thousands

	NOTE	12 months ended December 31, 2005	12 months ended December 31, 2004
Operating activities			
Profit/loss before tax		167 753	56 195
Adjustment for non cash items		-188 672	-35 242
Paid taxes		-	-
Funds provided from operations prior to changes in working capital		**-20 919**	**20 953**
Details of changes in working capital:			
Increase (-)/Decrease (+) in current receivables		4 715	-20 971
Increase (-)/Decrease (+) in current liabilities		8 044	2 502
Cash flow from operations		**-8 160**	**2 484**
Investment activities			
Investment in tangible assets		-515	-724
Investments in financial assets		-142 341	-137 243
Proceeds from sale of financial assets		107 132	121 565
Cash flow from investment activities		**-35 724**	**-16 402**
Financing activities			
Changes in interest-bearing liabilities		5 052	-184
New share issue		-	81 900
Transaction costs for new share issue		-	-194
Dividend		-37 188	-
Cash flow from financing activities		**-32 136**	**81 522**
Cash flow for the year	34	**-76 020**	**67 604**
Cash and bank at the beginning of the year		**78 613**	**11 009**
Cash and bank at the end of the year		**2 593**	**78 613**

Notes to the financial reports, SEK thousands

1. Accounting principles for the group and the parent company

Statement of compliance

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations by the International Financial Reporting Interpretations Committee (IFRIC) as they have been approved by the European Commission for application within the EU. These consolidated financial statements and annual report contain the first complete financial reports prepared in accordance with IFRS. AB Novestra prepared consolidated financial statements for the first time as of 2005 and the consolidated financial statements cover the parent company as of the beginning of the year and its subsidiaries from the date of acquisition. Figures for comparative purposes have been prepared pro forma. In connection with the transition from previously applied accounting principles to accounting according to IFRS, the Group applied IFRS 1, which is the standard that describes how the transition to IFRS should be reported. Furthermore, the Swedish Financial Accounting Standards Council's standard RR 30, Supplemental accounting regulations for groups, was applied.

Note 19 presents how the transition to IFRS affected the group's financial position, performance, and cash flows as well as the conditions under which comparative figures were prepared pro forma.

The parent company applies the same accounting principles as the group with exception of that which is stated under the section "Parent company's accounting principles" below. The deviations that exist between the parent company's principles and the consolidated principles are due to the limitations in applying IFRS in the parent company as a result of the Annual Accounts Act and the Act on Funding or retirement obligation, and in some cases for tax reasons.

Basis of preparation of consolidated financial reports and parent company reports

The parent company's functional currency is Swedish kronor (SEK) which also constitutes the reporting currency of the parent company and the group. This means that the financial reports are presented in Swedish kronor. All figures are rounded to the nearest thousand unless stated otherwise. Assets and liabilities are carried at historical cost, except for certain financial assets and liabilities which are carried at fair value. Financial assets and liabilities carried at fair value consist of derivative instruments, financial assets classified as "financial assets at fair value through profit or loss" or as "financial assets available for sale".

Non-current assets and disposal groups that are classified as held for sale are carried at the lower of the carried value and the fair value, less costs to sell.

Preparing the financial reports in accordance with IFRS requires the Senior Management to make assessments and estimates as well as assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, revenues and expenses. The estimates and assumptions are based on historic experience and a number of other factors, which under current conditions are considered to be reasonable. The results of these estimates and assumptions are then used to assess the carried values of assets and liabilities, which are not otherwise clearly presented in other sources. The actual outcome can deviate from these estimates and assessments.

The estimates and assumptions are regularly reviewed. Changes of estimates are reported in the period the change is made if the change only affected this period, or in the period the change is made and in future periods if the change affects both the period in question and future periods.

Assessments made by the Senior Management in the application of IFRS that have a significant impact on the financial reports and estimates and which can entail significant adjustments in the financial reports of ensuing years are described in Note 12.

The consolidated principles stated below were consistently applied to all periods presented in the consolidated financial reports unless otherwise stated below. In the preparation of the consolidated opening IFRS balance sheet as of January 1, 2004, pro forma figures were prepared in accordance with IFRS. The consolidated principles were consistently applied to the reporting and consolidation of the parent company, subsidiaries and associated companies.

Changed accounting principles

The transition to accounting under IFRS has been reported for the group according to IFRS 1, see Note 19. In conjunction with IFRS being applied as of the 2005 fiscal year, comparative figures concerning 2004 were reported pro forma, where all figures were recalculated according to IFRS, including application of IAS 39. In accordance with IAS 28 p. 1, shares and participations in associated companies are carried at fair value.

Future standards which affect the consolidated and parent company statements

The EU has approved a number of new and revised IFRS interpretations that are not yet implemented. The new rules will mainly affect the group in future periods in the form of new disclosures concerning financial instruments and financial risk (IFRS 7, which will replace IAS 32).

Segment reporting

A segment is a part of the group identifiable in the accounts that either provides products or services (lines of business), or goods or services within a certain economic environment (geographic area), which are exposed to risks and returns that differ from other segments. In Novestra's case the segment classification is based on the nature of the holdings in the investment activities. The primary classifications of the company's segments are private holdings, public holdings and joint and other business. The internal reporting system is based on a corresponding classification. No segment reporting based on geographic areas has been undertaken as it is difficult to establish classification grounds that provide meaningful information and reflect the company's activities. Segment information is submitted solely for the group in accordance with IAS 14.

Classification etc

Non-current assets and long-term liabilities in the parent company and the group essentially include amounts expected to be recovered or paid after more than twelve months calculated after the closing date. Current assets and short-term liabilities in the parent company and the group include amounts expected to be recovered or paid within twelve months calculated from the closing date.

Consolidation principles

Subsidiaries

Subsidiaries are companies controlled by the parent company, AB Novestra. Control directly or indirectly entails a right to govern a company's financial and operational strategies in order to obtaining financial benefits. In the assessment of whether control exists, potential shares entailing voting rights, which can be utilized or converted without delay, shall be taken into consideration.

Subsidiaries are accounted for by applying the purchase method. This method means that the acquisition of a subsidiary is viewed as a transaction through which the group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The acquisition value in the group is set through an acquisition analysis in connection with the acquisition. In the analysis, the acquisition value of the shares or the business and the fair value on the date of acquisition of the acquired identifiable assets and assumed liabilities and contingent liabilities are determined. The acquisition value of the subsidiary's shares or business is the aggregate of the fair values as of the date of exchange of assets, incurred or assumed liabilities, issued equity instruments provided as compensation in exchange for the acquired net assets and any costs that are directly attributable to the acquisition. In business combinations where the acquisition cost exceeds the net value of the acquired assets and assumed liabilities and contingent liabilities, the difference is reported as goodwill. When the difference is negative, it is recognized directly in profit or loss.

The subsidiary's financial reports are included in the consolidated financial statements as of the date of acquisition until the date when control no longer exists.

Transactions to be eliminated upon consolidation

These include intra-group receivables and liabilities, revenues or expenses and unrealized gains or losses that arise from the intra-group transactions between group companies, and which are eliminated in their entirety in the preparation of the consolidated financial statements. In the fiscal year, no transactions have occurred between companies in the group.

Associated companies

Associated companies are the companies for which the group has significant influence, but not control, over the operational and financial management, usually through participation holdings between 20 and 50 percent of votes. AB Novestra primarily conducts risk capital business. The investments, where Novestra has significant influence, are not operationally or strategically separated from other shares and participations, and all holdings are treated equally in the company's investment portfolio. Novestra has concrete exit strategies in all holdings and resolved at the Annual General Meeting that all investments shall be disposed of before December 31, 2007. In accordance with IAS 28.1, share-related investments including those where Novestra has a significant influence are carried at fair value with value changes in the income statement as per IAS 39. No associated companies are reported in accordance with the equity method in the consolidated financial statements.

Foreign currency transactions

Foreign currency transactions are translated to the functional currency at the exchange rate of the transaction date. The functional currency is the currency of the primary economic environments in which the companies conduct business. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate of the closing date. Exchange rate differences that arise in translation are recognized in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost are translated at the exchange rate of the transaction date. Non-monetary assets and liabilities stated at fair value are translated to the functional currency at the rate prevailing at the date of when the fair value was determined. The exchange rate difference is then reported in the same way as other changes in value regarding the asset or liability.

Revenues

General

Consolidated revenues consist primarily of revenues from the sale of shares and participations, value changes attributable to shares and participations and dividends received which are reported as "Investment activities" and remuneration for services carried out which are reported as "Other operations" in the income statement.

Shares and participations

Revenues attributable to the sale of shares and participations and changes in value arising in the period are reported in the income statement as "Changes in value". Revenues from the sale of shares and participations are normally reported on the day of taking possession if risks and benefits have not been transferred to the buyer on an earlier occasion.

Dividends

Revenues from dividends are reported when the right to obtain payment has been established.

Implementation of services

Revenues from service assignments are reported in the income statement based on the degree of completion on the closing date. The degree of completion is established through an assessment of work carried out on the basis of investigations made. Revenues are not reported if it is likely that the financial benefits will not go to the group.

Operating costs and financial income and expenses

Operating costs

All operating costs are carried in the income statement as administrative expenses. Administrative expenses are comprised of personnel costs, costs of premises, travel expenses and depreciation.

Costs concerning operational lease agreements

Costs concerning operational lease agreements are recognized in the income statement on a straight-line basis over the term of the lease. Incentives received in connection with the signing of an agreement are recognized as a part of the total leasing cost in the income statement.

Financial income and expenses

Financial income and expenses consist of income from interest on bank balances, receivables and interest-bearing securities, and interest expenses on loans and exchange rate differences.

Income from interest on receivables and interest expenses from liabilities are calculated based on the effective interest method. The effective interest rate, is the interest rate that makes the present value of all estimated future payments and deposits during the expected fixed interest term, the same as the carried value of the receivable or liability. The interest component of financial lease payments is reported in the income statement through the application of the effective interest method.

The group does not capitalize interest in the material assets' acquisition values.

Financial instruments

Financial instruments are valued and reported in the group in accordance with IAS 39. Financial instruments are initially accounted for at cost corresponding to the instrument's fair value plus transaction costs for all financial instruments except those that belong to the category of financial assets that are recognized at fair value through profit or loss, which are to be recognized at fair value excluding transaction costs. Financial instruments are classified in initial reporting based on the reason the instrument was acquired, which affects reporting thereafter.

Financial instruments recognized in the balance sheet include, on the asset side, cash and cash equivalents, accounts receivables, shares and other equity instruments, loan and bond receivables and derivatives. Among liabilities and equity are accounts payable, issued liability and equity instruments, loans and derivatives.

A financial asset or financial liability is accounted for in the balance sheet when the company becomes a party to the instrument's contractual provisions. Accounts receivable are accounted for in the balance sheet when invoices have been sent. Liabilities are accounted for when the opposite party has delivered and contractual obligations to pay exist, even if an invoice has not yet been received. Accounts payable are accounted for when invoices are received.

A financial asset is removed from the balance sheet when the contractual rights in the agreement are realized, expire or the company loses control of them. The same applies to partial financial assets. A financial liability is removed from the balance sheet when the obligation in the agreement is fulfilled or otherwise extinguished. The same applies to partial financial liabilities.

Purchase and sale of financial assets are reported on the transaction date, which constitutes the date the company pledges to acquire or sell the asset.

Financial assets regognised at fair value through profit or loss

This category consists of financial assets which the group initially has chosen to recognize in this category. These assets are continuously accounted for at fair value through profit or loss.

Shares and participations

In accordance with IAS 39, shares and participations are recognized at fair value with any change in value through profit or loss. In accordance with IAS 28 p.1, share-related investments where AB Novestra has significant influence are also recognized at fair value with any changes in value through profit or loss according to IAS 39. Fair value is established according to the following:

Listed holdings

Fair value of listed financial assets corresponds to the asset's listed buying rate on the closing date.

Shares and participations in funds

Fair value of shares and participations in funds correspond to the value reported by each respective manager as of the closing date.

Unlisted holdings

Fair value of unlisted financial assets is established by calculating the future discounted cash flows in the underlying company. The calculated value is then tested against the valuation of similar shares and participations or other financial instruments deemed to be comparable and are listed. Another fact weighed in the valuation assessment is the value applied in transactions in the respective company and potential external valuations. The assumptions made that have had the greatest impact on the calculated fair values are the assumptions as to future growth and margins in each respective company as well as the interest rate used in each respective company in the calculation of discounted cash flows. Price and currency risks are the risks assessed to have the greatest impact on future valuations at fair value. The risks are described in more detail in Note 2.

Loans and other receivables

"Loans and other receivables" are financial assets that do not constitute derivatives with fixed payments or with payments that can be set, and which are not listed on an active market. The receivables arise in the lending of cash, or when services are directly provided to the borrower without the intent of pursuing trade in the claim rights. This category also includes acquired receivables. Assets in this category are valued at the amortised cost. The amortised cost is determined based on the effective interest rate, which is calculated at the time of acquisition.

Long-term receivables and other receivables

Long-term receivables and other short-term receivables are receivables that arise when the company provides money without intent to pursue trade in the claim rights. If the expected holding period is longer than one year, they constitute long-term receivables, and if it is shorter, they are other receivables. These receivables belong to the category of "loans and other receivables".

Accounts receivable

Accounts receivable are classified in the category of "loans and other receivables". Accounts receivable are accounted for net of doubtful receivables, which are assessed individually. The expected duration of accounts receivable is short, which is why it is accounted for in a nominal amount without discount. Write-downs of accounts receivable are recognized as operating expenses.

Cash and cash equivalents

Cash and cash equivalent comprise of cash funds and immediately available balances in banks and similar institutions as well as short-term liquid investments with durations of less than three months from the time of acquisition, which are only exposed to an insignificant risk of value fluctuations.

Financial investments

Financial investments are recognized at fair value through profit or loss.

Financial liabilities

Financial liabilities are classified as "other financial liabilities" and valued at the amortised cost.

Interest-bearing liabilities

Loans are initially stated at the cost, corresponding to fair value net of transaction costs and any premiums or discounts. Thereafter, the loans are accounted for at amortised cost as per the effective interest method, which means that the value is adjusted as to any premiums or discounts in connection with the loan, in addition to borrowing costs being accrued for the expected duration of the loan. Accrual is calculated on the basis of the loan's initial effective interest rate. Gains and losses that arise when the loan is terminated are recognized in the income statement.

Accounts payable and other operating costs

Debts are accounted for at amortised cost based on the effective interest rate calculated at acquisition date, which normally means the nominal value.

Tangible fixed assets

Equipment is accounted for as an asset in the balance sheet if it is likely that the future financial benefits will be available to the company and the cost of the asset can be mesured reliably.

Tangible fixed assets are accounted in the group at the cost net of accumulated depreciation and any impairment losses. The purchase price and costs directly attributable to the asset for delivery and preparation for its intended use are included in the acquisition cost. Examples of directly attributable costs included in the acquisition cost are costs of delivery and handling, installation, registration, consulting services and legal services. The accounting principles for impairment are presented below.

The carried value of a tangible fixed asset is removed from the balance sheet upon disposal or sale, or when no future financial benefits are expected from the use or disposal/sale of the asset. Profits or losses arising from the sale or disposal of an asset are comprised of the differences between the sale price and the asset's carried value of net direct selling expenses. Profit and loss is reported as other operating income/expense.

Leased assets

In the consolidated financial statements, leasing is classified either as financial or operational leasing. Financial leasing arises when the financial risks and benefits associated to ownership are essentially transferred to the lessee; if this is not the case, it is operational leasing. Only operational leasing exists in the group.

Principles of depreciation

Depreciation is made on a straight-line basis over the assets' estimated useful life.

Estimated useful life:	
Equipment	3 - 5 years

An asset's useful lifetime and potential residual value are assessed annually.

Impairment

The carried values of the consolidated assets, except for financial instruments, which are recognized at fair value through profit or loss are tested for impairment every closing date to assess if there are any indications of write-downs, the asset's recoverable value is calculated.

Calculation of recoverable value

The recoverable value of assets belonging to the categories loans and other receivables, which are accounted for at the amortised cost, is calculated as the present value of future cash flows discounted at the original effective interest rate that applied when the asset was initially recognized. Assets with short durations are not discounted.

The recoverable value of other assets is the greater of net selling price and value of use. In assessing value of use, estimated future cash flows are discounted by a discount rate that reflects risk-free interest and the risk of the specific asset. For an asset that does not generate independant cash flows, the recoverable value is determined for the cash-generating unit to which the asset belongs is calculated.

Reversals of impairment

Impairment losses are reversed if a change has occurred in the assumptions that formed the basis of the calculation of the recoverable value.

Impairment losses are only reversed to the extent that the asset's carried value after the reversal does not exceed the carried value the asset would have had if no impairment had been made, with consideration of the depreciation that would have then been made.

Employee benefits

Defined contribution plans

There are only defined contribution plans in the group. Obligations for contributions for defined contribution plans are recognized as an expense in the income statement as incurred.

Provisions for termination

A provision is only accounted for in connection with terminations of personnel if the company is demonstrably obligated to terminate employment before the normal point in time or when remuneration is paid as an offer to encourage voluntary resignation.

Provisions

A provision is reported in the balance sheet when the group has an existing legal or informal obligation as a result of a past event, and it is likely that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Where the effect of the time value of money is material, provisions are calculated by discounting the expected future cash flow at an interest rate before tax that reflects current market assessments and, where appropriate, the risks specific to the liability.

Taxes

Income tax is comprised of current and deferred tax. Income tax is recognized in the income statement, except when the underlying transactions are charged directly against equity, whereby the associated tax effect is also accounted for in equity.

Current tax is tax pertaining to the current year that is to be paid or received, using tax rates enacted or substantially enacted as of the balance sheet date. Current tax also includes adjustments of current tax pertaining to previous years.

Deferred tax is calculated using the balance sheet method provided for temporary differences between the carrying amounts of assets and liabilities and their tax bases. Temporary differences are not taken into account for differences that have arisen in the initial accounting of goodwill, the initial accounting of assets and liabilities that are not business combinations and do not affect the carried or taxable result at the time of the transaction. Furthermore, temporary differences attributable to shares in subsidiaries and associated companies not expected to be reversed within the foreseeable future are also not taken into account. The valuation of deferred tax is based on how carried values of assets or liabilities are expected to be realized or settled. Deferred tax is calculated using the tax rates and tax regulations enacted or substantially enacted as of the balance sheet date.

Deferred tax assets concerning deductible temporary differences and tax loss carry-forwards are only recognized to the extent that it is likely that these will be able to be claimed. The value of deferred tax assets is reduced when it is no longer deemed likely that they can be used.

From a fiscal perspective, Novestra is an investment company. The tax regulations for investment companies differ from those of other stock corporations in that capital gains from the sale of shares and other participations (convertibles in SEK, stock options, etc.) are tax-exempt. On the other hand, losses from the sale of shares and other participations are non-deductible for an investment company. In return, an investment company must report a standard income of 1.5 percent of the aggregate value of the market value of shares and participations held at the beginning of the fiscal year. Not to be included in the basis for calculating the standard income are the value of business-related shares and own shares and derivatives in own shares. Business related shares refer to shares and participations in unlisted stock corporations and economic associations as well as shares and participations in listed stock corporations if the holding corresponds to at least ten percent of the votes and has been held at least one year prior to the beginning of the financial year. Under certain conditions, shares and participations in foreign legal entities can also be business-related. Dividends and interest income received are taxable, while administrative expenses and interest expenses are deductible. Since an investment company's dividends paid are deductible, the company will not have to pay tax to the extent that the resolved dividend amounts to the sum total of the standard income, dividends received and net financial result after the deduction of administrative expenses.

Contingent liabilities

A contingent liability is reported when there is a potential obligation that originates from past events and whose existence is only confirmed by one or more uncertain future events or when there is an obligation that is not reported as a liability or provision due to the unlikelihood that an outflow of resources will be required.

Cash flow statement

The cash flow statement was prepared according to the indirect method. Only events that entail ingoing or outgoing payments are reported in the cash flow.

The parent company's accounting principles

The parent company has prepared its annual report in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Standards Council's standard RR 32, Accounting for legal entities. Applying RR 32 means that, in the annual report for the legal entity, the parent company shall apply all IFRS and interpretations approved by the EU to the furthest possible extent within the framework of the Annual Accounts Act and with consideration of the connection between accounting and taxation. The standard states what exceptions and additions shall be made from IFRS.

Changed accounting principles

The parent company's changed accounting principles were reported in accordance with the regulations in IAS 8, but with consideration of the special transitional regulations in RR 32. This means that the changed accounting principles are reported with retroactive effect. In 2005 the principle for the accounting of financial assets was changed:

Shares and participations, which are not related to shares and participations in affiliated or associated companies, are carried at fair value in the balance sheet, with the changes in value recognized in the income statement.

Differences between the consolidated and the parent company's accounting principles

Differences between the consolidated and the parent company's accounting principles are presented below. The accounting principles for the parent company stated below were consistently applied to all periods presented in the parent company's financial reports.

Subsidiaries and associated companies

Shares in subsidiaries and associated companies are reported in the parent company according to the acquisition cost method.

Financial instruments

In accordance with IAS 28.1, the parent company does not carry shares and participations in associated companies at fair value. However, that which is otherwise written about financial instruments also applies to the parent company. All financial assets which do not constitute shares and participations in affiliated or associated companies are carried at fair value in the parent company in accordance with the Annual Accounts Act.

2. Risk exposure and risk management

Novestra's operations are affected by a number of factors, both internal and external, which can be controlled to varying degrees. These factors can significantly affect the company's operations with regard to future development and results as well as its financial position. Novestra is to a significant extent dependent on a number of key persons, partly founders and senior executives in the portfolio companies, and partly employees and board members at Novestra and in its associated network.

The most significant risks in Novestra's operations are commercial risks, the price risk attributable to shares in non-public and public holdings, and currency risks. Other risks that affect the financial operations are liquidity, interest and credit risks. Activities to monitor and analyze risks are ongoing and are carried out by the management and reported to the Board of Directors.

The Board of Directors sets policies for risk management and risk follow-up. Management works out the operational risk management, follow-up and risk control, which is reported to the Board as per the approved policy. AB Novestra's Managing Director has the overall responsibility for risk control, and the company's Chief Financial Officer is responsible for operational follow-up and risk control.

Commercial risks

Novestra's business activities expose the company to risks. Carrying out investments and sales of portfolio companies involves a risk, even during the time Novestra is a shareholder in the portfolio company. Examples of these risks are high exposure to certain investments or to certain lines of business, difficulties in finding new investments at attractive valuations due to the general market situation and eventual obstacles that arise relating to sales of holdings due to the general market situation, or other barriers. Novestra aims to handle these risks by:

- having a diversified portfolio with a good balance of holdings in different lines of business and a good balance between companies in various stages of development and companies whose business is conducted in different geographical markets and in different currencies,

- actively working with and analyzing holdings to be able to diversify and counteract specific risks in the holdings, and

- having a good balance between the exposure to non-public and public holdings, which means that the company has considerable flexibility with regards to different kinds of sales. The listed holdings provide the possibility of relatively quickly being converted to liquid assets, and the unlisted holdings provide a possibility for other kinds of transactions, which can be more advantageous or feasible under certain market conditions.

Financial risks

Price risks

Price risks exist for both listed and unlisted shares. With regard to listed shares, the share prices are often volatile. The price risk in every individual investment in listed shares is both attributable to the specific company and general developments on the stock market. Novestra's investment and divestment decisions are based on its own analyses and assessments of the specific company's valuations. The holdings are evaluated on a long-term basis. As a rule, Novestra's assessment is not influenced by how the holdings have developed on the stock market over the short term.

Currency risks

All shares and participations are recognized at fair value. In the establishment of fair value with regard to holdings of shares in foreign currencies, the exchange rate of the closing date is used. Fluctuations in currencies have considerable impact on the establishment of fair value. As of December 31, 2005 the carried value of share holdings in foreign currencies amounted to MSEK 651 341 (268 147). In complete or partial disposals of Novestra's foreign holdings, currency fluctuations, primarily USD/SEK, will affect the value in Swedish kronor of the holdings sold. Foreign holdings are not hedged during the period of possession.

Liquidity risks

Liquidity risks exist in shares or other financial instruments that cannot be divested, partly because such divestment cannot occur without considerable additional costs or other losses, partly because the liquidity would not be available to meet future or immediate payment commitments. The risk that shares or other financial instruments will not be able to be divested is managed by striving for a diversified portfolio. Novestra has a short and long-term liquidity plan to secure the immediate and future payment ability. There is a risk, however, that financing will not be able to be obtained when needed or only obtained against considerably increasing costs. Novestra's operations are conducted with a large share of shareholders' equity and the company cannot currently perceive additional long or short-term financing needs. Novestra has approved credit pledges totaling MSEK 125 (75) of which MSEK 30 (25) was utilized by the end of the year.

Interest rate risks

On the asset side, it is primarily Novestra's liquid assets that are exposed to interest rate risks, and on the liability side, it is the interest-bearing liabilities that are exposed to interest rate risks. The total interest rate risk in Novestra is considered to be low due to the extent of assets and liabilities that are exposed to interest rate risks. If the interest on deposits were raised by one percent on the closing date, the positive effect would amount to KSEK 27 (786) on an annual basis, and if the lending rate were raised by one percent, the negative effect would impact the result by KSEK 299 (249) on an annual basis.

Credit risks

Credit risks are defined as the risk of an opposite party not being able to fulfill a financial commitment to Novestra. The extent of this risk is mainly related to short-term investments in funds, monies in bank accounts as well as loans to portfolio companies. The credit risk attributable to short-term investments is considered to be very low. The credit risk related to loans to portfolio companies is significantly higher, but occurs to a lesser extent and against security that Novestra deems satisfactory. The credit risk is assessed to be low.

The total credit exposure is divided as follows:

Credit exposure, KSEK	*December 31, 2005*	*December 31, 2004*
Short-term investments in fund	-	9 694
Cash and bank balances	2 693	78 613
Other receivables	8 722	16 694
Loans to portfolio companies:		
Associated companies	7 645	3 374
Other companies	5 861	6 238
Total credit exposure	***24 921***	***114 613***

Fair values

Carried values in the balance sheet for financial assets and liabilities correspond with fair values.

3. Segment reporting, the group

Reporting by segment is made by business areas. The group's internal reporting system is based on measuring the return on investments within the business areas private holdings and public holdings, and this is why business areas constitute the primary format for reporting the segments. As stated in the accounting policies, Note 1, no segment reporting based on geographic areas is made. Holdings that have a direct or indirect exposure towards public holdings are categorized as public holdings, i.e. holdings in funds, that are private, but primarily have investments in public holdings, are categorized as public holdings. Private holdings consist of all holdings that are not, direct or indirect, traded at a marketplace. In each segments' profit/loss, assets and liabilities have been included all items and transactions that are directly related to a segment, as well as other items and transactions that can be divided among the segments in a reliable way.

Personnel costs have been allocated according to the following principle: Personnel costs for the Managing Director, Peter Ekelund, who is responsible for the private holdings, are allocated to private holdings and to joint and other operations with 50 percent. Personnel costs for Theodor Dalenson, who is responsible for public holdings, are allocated to public holdings at 75 percent and to joint and other operations at 25 percent. The costs for other personnel and all other administrative expenses have not been proportionally allocated per segment due to the fact that the completed work cannot be allocated by such systematics.

Performance by business area January 1 – December 31	**Private holdings**		**Public holdings**		**Joint & other operations**		**Total**	
	2005	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**
Investment activities								
Changes in value	111 164	20 300	106 525	26 012	335	2 350	218 024	48 662
Dividends	30 147	40 890	-	568	-	182	30 147	41 640
Net sales	-	-	-	-	1 140	-	1 140	-
Gross profit/loss	**141 311**	**61 190**	**106 525**	**26 580**	**1 475**	**2 532**	**249 311**	**90 302**
Administrative expenses								
Personnel costs	-3 728	-2 425	-5 338	-3 517	-14 201	-7 948	-23 267	-13 890
Depreciation	-	-	-	-	-220	-220	-220	-220
Other costs	-	-	-	-	-8 704	-6 182	-8 704	-6 182
	-3 728	-2 425	-5 338	-3 517	-23 125	-14 350	-32 191	-20 292
Operating profit/loss	**137 583**	**58 765**	**101 187**	**23 063**	**-21 650**	**-11 818**	**217 120**	**70 010**
Net financial items	-	-	-	-	4 076	-615	4 076	-615
Current taxes	-	-	-	-	-316	-	-316	-
Profit/loss for the year	**137 583**	**58 765**	**101 187**	**23 063**	**-17 890**	**-12 433**	**220 880**	**69 395**
Significant costs that have not been paid in cash:								
Costs relating to bonus	2 735	1 289	4 103	1 933	4 255	2 296	11 093	5 518

Performance by business area January 1 – December 31	Private holdings		Public holdings		Joint & other operations		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
ASSETS								
Shares and participations	494 033	376 099	317 200	146 839	-	-	811 233	522 938
Other fixed assets	-	-	-	-	1 414	1 134	1 414	1 134
Total fixed assets	**494 033**	**376 099**	**317 200**	**146 839**	**1 414**	**1 134**	**812 647**	**524 072**
Current investments	-	-	-	-	-	9 694	-	9 694
Cash and cash equivalent	-	-	-	-	2 693	78 613	2 693	78 613
Other current assets					23 917	29 764	23 917	29 764
Total current assets	**-**	**-**	**-**	**-**	**26 610**	**118 071**	**26 610**	**118 071**
TOTAL ASSETS	**494 033**	**376 099**	**317 200**	**146 839**	**28 024**	**119 205**	**839 257**	**642 143**
EQUITY & LIABILITIES								
Equity	-	-	-	-	792 453	608 762	792 453	608 762
Liabilities								
Current interest-bearing liabilities	-	-	-	-	29 903	24 851	29 903	24 851
Other current liabilities	-	-	-	-	16 901	8 530	16 901	8 530
Total liabilities	**-**	**-**	**-**	**-**	**46 804**	**33 381**	**46 804**	**33 381**
TOTAL EQUITY AND LIABILITIES	**-**	**-**	**-**	**-**	**839 257**	**642 143**	**839 257**	**642 143**
Investments								
Tangible fixed assets	-	-	-	-	515	724	515	724
Financial fixed assets	33 884	13 862	332 931	132 880	-	7 065	366 815	153 807
Total investments	**33 884**	**13 862**	**332 931**	**132 880**	**515**	**7 789**	**367 330**	**154 531**

4. Investment activities, the group

The gross profit/loss from investment activities is divided into “Changes in value” and “Dividends”. Changes in value refers to all profits/loss emanating from financial instruments, including gains or losses from sale of financial instruments and changes in fair value of financial instruments, except dividends.

5. Other operations, the group

Other operations refer to operations in the subsidiary, Novestra Financial Services AB, and consist of net sale from services provided in regard to a administration agreement with Nove Capital Master Fund Ltd.

6. Operational leasing, the group

	12 months ended December 31, 2005	12 months ended December 31, 2004
Leasing agreement whereby AB Novestra is lessee		
Non terminable leasing payments:		
Within 1 year	750	740
Between 1-5 years	–	740
Longer than 5 years	–	–

The group leasing relates only to rent for leased office premises. The leasing payments for the year amounted to 747 (772).

7. Employees, the group	12 months ended December 31, 2005	12 months ended December 31, 2004

Average number of employees and gender distribution:
The average number of employees during the year amounted to six (six) of which four (four) were men.

Gender distribution in the Board of Directors and senior management:
The Board of Directors and other senior management consisted of men, as in the previous year.

Salaries, other remunerations and social security expenses:

	12 months ended December 31, 2005	12 months ended December 31, 2004
Salaries and other remunerations		
The Board of Directors and Managing Director	11 450	7 002
Other employees	4 857	2 758
Total salaries and other remunerations	**16 307**	**9 760**
Social security expenses:		
The Board of Directors and Managing Director	4 384	2 799
(of which pension costs)	(550)	(424)
Other employees	2 164	1 249
(of which pension costs)	(469)	(297)
Total social security expenses	**6 548**	**4 048**
Total salaries, other remunerations and social security expenses	**22 855**	**13 808**

All salaries and other remunerations, except 200 (100) relating to Board remuneration, relate to personnel in Sweden.

Information in accordance with NBK's recommendation on senior management benefits
During the financial year, the Board of Directors received remuneration totaling 400 (200) in accordance with a decision taken at the Annual General Meeting 2005. The remuneration to the Board of Directors has been equally divided between the members of the Board who are not employees of Novestra, i.e. 100 to each board member. The Chairman of the Board, Theodor Dalenson is employed by Novestra with a fixed monthly salary amounting to 100 per month. The employment contract is subject to six months' notice by either party.

PRINCIPLES FOR REMUNERATION TO SENIOR MANAGEMENT
The senior management has a fixed remuneration for completed work assignments. Decisions on variable result based remuneration to senior management are referred to the Annual General Meeting. The Board's proposal regarding variable result-based remuneration shall be considered at the Annual General Meeting on April 25, 2006. The company has not defined any other group than senior management. Consequently, the category other senior management is not included.

INCENTIVE SCHEME
The company has not outstanding share-related incentive scheme or any outstanding options. At the Annual General Meeting on April 26, 2005, it was resolved to approve the proposed bonus plan for the Managing Director Peter Ekelund and the Chairman and CEO Theodor Dalenson. The bonus shall, as a total cost for the company, correspond to five percent of the increase of the company's equity for every financial year and that the bonus shall not exceed an amount corresponding to five times the annual base salary of the bonus plan participant for the year which such bonus is attributable to. As a result of the company adopting new accounting principles during the year, which has resulted in shares and participations being valued at fair value, the Board of Directors' has adjusted the bonus calculation so that the change in market values in private holdings shall not be included in the increase of shareholders' equity. The bonus plan shall be subject to annual approval by the Annual General Meeting.

The Board of Directors' proposal regarding variable result-based remuneration shall be published in the notice for the Annual General Meeting to be held on April 25, 2006.

Specification of remuneration and other benefits to senior management and board members:

Person	Remuneration 2005	Remuneration 2004	Position
Senior management:			
Theodor Dalenson	**5 618**	**3 526**	Chairman and CEO
Salary	(1 260)	(1 380)	
Bonus	(4 130)	(1 946)	
Board member remuneration	(-)	(-)	
Pension	(228)	(200)	
Peter Ekelund	**5 982**	**3 701**	Managing Director
Salary	(1 530)	(1 530)	
Bonus	(4 130)	(1 946)	
Pension	(322)	(225)	
Total senior management	**11 600**	**7 227**	
Board Members:			
Colin Kingsnorth	100	50	Member
David E. Marcus	100	0	Member
Anders Lönnqvist	100	50	Member
W. Thorpe McKenzie	-	50	Member
Bertil Villard	100	50	Member
Total	**12 000**	**7 427**	

SALARY AND OTHER BENEFITS TO THE MANAGING DIRECTOR

The principles for the bonus for the financial year 2005 were decided by the Annual General Meeting 2005. The employment contract is subject to 12 months' notice by either party and contains no provision regarding lowered retirement age. In his capacity as a board member of Explorica, Inc. Peter Ekelund has received remunerations of USD 10 000.

DECISION PROCESS

All remuneration matters concerning senior management and other potential benefits are considered and decided upon by the Board. The same process applies to potential remunerations regarding consulting fees for members of the Board. Decisions on potential variable result-based remuneration to senior management are referred to the Annual General Meeting. No remuneration committee has been formed.

PENSION

Pension is paid in accordance with the ITP plan for all employees.

SEVERANCE PAY

There are no agreements including severance pay.

8. Remuneration to auditors, the group	12 months ended December 31, 2005	12 months ended December 31, 2004
Audit, KPMG Bohlins AB	340	680
Other assignments, KPMG Bohlins AB	-	63
Total remuneration to auditors	**340**	**743**

Audit assignment is defined as the audit of the annual financial statements, the administration of the Board of Directors and the Managing Director, and other tasks, which rest upon the auditor as well as consulting and other assistance, which have been initiated by the findings in performing the audit work or implementation of such tasks. All other work is referred to as other assignments.

9. Depreciation of tangible fixed assets, the group	12 months ended December 31, 2005	12 months ended December 31, 2004
Depreciation according to plan by type of asset:		
Equipment	220	220
Total depreciation	**220**	**220**

The total depreciation relates to administration.

10. Net financial items, the group	12 months ended December 31, 2005	12 months ended December 31, 2004
Financial income:		
Interest income, associated company	1 001	126
Exchange rate gains	2 884	133
Other interest income	1 003	963
Total	**4 888**	**1 222**
Financial expenses:		
Exchange rate losses	-	-1 071
Other interest expenses	-812	-766
Total	**-812**	**-1 837**

11. Taxes, the group	12 months ended December 31, 2005		12 months ended December 31, 2004	
Information on the relationship between reported tax expense and result before taxes:				
	Total value	Tax effect	Total value	Tax effect
Result before taxes	221 196	-61 934	45 738	-12 807
Standard income	2 363	-661	2 033	-569
Effects of tax-exempt income:				
Change in values	-218 024	61 047	-25 005	7 001
Effects of non-deductible expenses:				
Other non-deductible expenses	733	-205	372	-104
Effects of deductible expenses not included in the result:				
Expenses emanating from new share issue	-	-	-194	54
Total	**6 268**	**-1 753**	**22 944**	**-6 425**
Proposed dividend	-74 376	20 825	-37 188	10 413
Total	**-68 108**	**19 072**	**-14 244**	**3 988**
Increase in tax loss carried forward not recognized as deferred tax assets	69 238	-19 388	14 244	-3 988
Reported tax expense(1)	**1 130**	**-316**	**-**	**-**
Tax loss carried forward at the beginning of the year	-80 778	22 617	-66 534	18 629
Change tax loss carried forward during the year	-69 238	19 388	-14 244	3 988
Tax loss carried forward at the end of the year(2)	**-150 016**	**42 005**	**-80 778**	**22 617**

(1) Tax expense for the year is related to the subsidiary Novestra Financial Services AB, and occurs as group contribution is not applicable according to tax legislation for investment companies.

(2) In accordiance with current legislation there are no regulations that determine the life of the companys' fiscal deficit. No deferred tax receivable has been accounted for with regard to tax loss carried forward.

12. Equipment, the group	December 31, 2005	December 31, 2004
Accumulated acquisition value:		
At the beginning of the year	2 193	1 469
Disposals	-48	-
Acquisitions	515	724
At the end of the year	**2 660**	**2 193**
Accumulated depreciation:		
At the beginning of the year	-1 059	-839
Disposals	33	-
Acquisitions	-220	-220
At the end of the year	**-1 246**	**-1 059**
Carried value	**1 414**	**1 134**

Equipment is accounted for according to the acquisition cost method. The fair value for equipment is not expected to deviate materially from the carried value.

13. Shares and participations, the group	December 31, 2005	December 31, 2004
Carried values:		
At the beginning of the year	522 938	433 291
Acquisitions	366 818	153 807
Disposals	-338 270	-87 817
Changes in fair values	259 747	23 657
Carried value	**811 233**	**522 938**

All shares and participations, including shares and participations in associated companies, have been recognised on the balance sheet as “at fair value through profit or loss”.

Shares and participations in associated companies are not accounted for according to the equity method, in accordance with IAS 28.1.

Out of the total carried value for shares and participations 288 132 (222 651) consists of shares and participations in associated companies which is recognised at fair value in accordance with IAS 39 with changes in value through profit or loss.

Accumulated changes in fair values amount to 411 781 (165 136), of which 303 953 (153 800) emanates from changes in fair value through valuation techniques. For information regarding valuation and valuation techniques reference is made to the accounting policies, Note 1.

Specification of shares and participations:

Namn	Ownership(1), % Dec. 31, 2005	No. of shares Dec. 31, 2005	Carried value Dec. 31, 2005	Carried value Dec. 31, 2004
Private holdings:				
Bytek Systems AB	44.8	31 380	13 434	-
Shares	(44.8)	(31 380)	(6 234)	(-)
Convertible loan (2)	(-)	(-)	(7 200)	(-)
C More Group AB	-	-	-	2 068
Continuum Group Ltd (3)	12.3	8 062 500	13 207	35 184
Dallas sthlm DDG AB	7.0	112 904	426	426
Explorica, Inc.	13.6	4 777 663	64 400	52 856
Shares	(13.6)	(4 777 663)	(63 139)	(51 844)
Warrants (4)	(-)	-	(1 261)	(1 012)
Flexbridge Technologies, Inc.	-	-	-	5 011
DCM AB	-	-	-	3 906
MyPublisher, Inc.	27.9	74 143 266	148 899	121 270
Netsurvey Bolinder AB	45.3	10 530 769	10 000	13 838
Qbranch AB	24.0	2 500 000	115 800	87 544
Strax Holdings, Inc.	19.6	2 192 335	127 800	53 826
Other			11	170
Total private holdings			**493 977**	**376 099**
Public holdings:				
Nove Capital Fund			296 505	-
Other public holdings			20 751	146 839
Total public holdings			**317 256**	**146 839**
Total holdings			**811 233**	**522 938**

(1) Prior to dilution and utilisation of options etc.

(2) Novestra holds a convertible loan amounting to MSEK 7.2 with a conversion price of SEK 500 per share, during a period of 60 days following a transaction, or the latest share price if this is below SEK 500 per share. The convertible loan has an annual interest rate of 3 percent.

(3) Novestra has a remaining investment commitment of MUSD 1.9. After discussions with Continuum's board and other main shareholders in Continuum, Novestra's Board estimates that Continuum does not intend to call for payment of the remaining investment commitment.

(4) Novestra holds warrants to subscribe for 1 340 000 shares in Explorica at a strike price of USD 0.45 per share, valid up to and including June 14, 2011. If Novestra were to utilize it's warrants, Novestra's ownership would amount to 16.8 percent. If all 10 900 678 warrants issued in Explorica were to be utilized, Novestra's ownership would amount to 14.8 percent.

Key estimates and assumptions when establishing fair values

When calculating the fair values, the assumptions regarding future growth rate and margins in each company as well as the interest rate used in the discounted cash flow calculations has had the greatest impact. For further information regarding valuations and valuation techniques, reference is made to the accounting policies, Note 1.

Key risks relating to shares and participations

Price risks and currency risks are the risks assumed to have the greatest impact on future valuations at fair value. Out of the total carried values for shares and participations, 354 307 (268 147) relates to holdings in the U.S., and the fair values for these holdings are to a great extent affected by currency fluctuations in SEK and USD. The risk factors are described further in Note 2.

14. Current investments, the group	December 31, 2005	December 31, 2004
Investments in funds	–	9 694

15. Cash and cash equivalents, the group	December 31, 2005	December 31, 2004
Amounts in SEK	2 473	76 268
Amounts in USD	220	2 345
Total	**2 693**	**78 613**

Cash and cash equivalents only includes cash and bank balances. When converting USD to SEK, the exchange rate 7.9624 (6.6137) have been used.

16. Equity, the group

The group's equity consists of share capital, other contributed capital and retained earnings including profit or loss for the year.

Share capital

The group's share capital consists of the parent company's share capital, share capital in subsidiaries have been eliminated in the group accounts. The share capital amounts to SEK 37 187 973, distributed over the same number of shares. The quota value amounts to SEK 1.00. All shares have the same right to the assets and profits, and every share has one vote at a general meeting with the shareholders. All shares are fully paid.

Other contributed capital

Other contributed capital is capital paid in by the shareholders other than share capital, including share premium reserves in the companies within the group that has been transferred into statutory reserve as per December 31, 2005.

Retained earnings including profit or loss for the year

Retained earnings including profit or loss for the year consists of accumulated earnings in the parent company and the subsidiaries, as well as accumulated effects on profit or loss emanating from consolidation of the group accounts.

Dividend

After the end of the year, the Board has proposed a dividend of SEK 2.00 per share, corresponding to a total amount of SEK 74 375 946. The dividend is subject to approval at the Annual General Meeting to be held on April 25, 2006. During 2005 a dividend of SEK 1.00 per share was paid out, corresponding to a total amount of SEK 37 187 973.

Number of shares issued	December 31, 2005	December 31, 2004
At the beginning of the year	37 187 973	31 187 973
New share issue	-	6 000 000
At the end of the year	**37 187 973**	**37 187 973**

17. Interest-bearing loans, the group	12 months ended December 31, 2005	12 months ended December 31, 2004
Raised loans – credit institutions	29 903	24 851
Total	**29 903**	**24 851**

18. Pledged assets, the group	December 31, 2005	December 31, 2004
Pledged assets	115 800	146 837
Utilized assets	-29 903	-24 851
Second mortgage	**85 897**	**121 986**

The pledge refers to pledging of financial instruments. Additional credits of 75 000 were granted in February 2006. The total credits granted amount to 125 000.

19. Specification to the cash flow statement, the group	12 months ended December 31, 2005	12 months ended December 31, 2004
Adjustment for transactions not included in cash flow		
Write-downs	220	220
Proceeds from sale of fixed assets	1	-
Changes in value through profit or loss	-218 024	-48 662
Dividends of shares and participations	-23 182	-
	-240 985	**-48 442**
Non-cash transactions		
Sale of assets in exchange for promissory note	189 180	-
Sale of assets in exchange for other asset	9 939	16 747
	199 119	**16 747**
Cash and cash equivalent		
The following components are included in cash and cash equivalent:		
Cash and bank balances	2 693	78 613
	2 693	**78 613**

As at December 31, 2005, the group has an unutilized credit facility amounting to 20 097 (15 149) which is not accounted for in the above values.

Paid interest and dividends received		
Dividends received	15 662	33 506
Interest received	2 004	1 089
Interest paid	-812	-765

20. Comments on reporting in accordance with IFRS, the group

As described in Note 1 “Accounting policies” these consolidated financial statements are the first complete financial statements that are prepared in accordance with IFRS.

The accounting principles described in Note 1 have been applied in the preparation of consolidated financial statements for the financial year 2005, for the comparative year 2004 and for the consolidated opening balance sheet on January 1, 2004. Novestra was not a group during the financial year 2004, and did not prepare consolidated financial statements, the comparative year 2004 and the consolidated opening balance sheet has been prepared as pro forma figures. The parent company’s financial statements for 2004 has been recalculated, using the group’s current accounting policies, in order to prepare the pro forma figures.

AB Novestra has chosen to apply IAS 39 when recognizing financial instruments when preparing the figures for the comparative year 2004. Shares and participations are recognized in the balance sheet at fair value in accordance with IAS 39, with changes in value through profit or loss in the income statement. In accordance with IAS 28.1, shares and participations in associated companies are recorded at fair value through profit or loss in the income statement in accordance with IAS 39.

In the preparation of the consolidated opening balance sheet, amounts recognized in accordance with previously applied accounting principles have been adjusted in accordance with those IFRS principles applicable to AB Novestra’s consolidated financial statements. The tables below, and their explanations, describe the effects of the transition from previous accounting principles to IFRS on the financial position, financial results and cash flows of the group.

Effects on equity

BALANCE SHEETS	Note	Pro forma previous principles	Transition to IFRS	Pro forma IFRS	Pro forma previous principles	Transition to IFRS	Pro forma IFRS
		January 1, 2004			**December 31, 2004**		
ASSETS							
Shares and participations	A	268 156	165 136	433 292	334 145	188 793	522 938
Other fixed assets		630	-	630	1 134	-	1 134
Total fixed assets		**268 786**	**165 136**	**433 922**	**335 279**	**188 793**	**524 072**
Current investments		35 000	-	35 000	9 694	-	9 694
Cash and cash equivalents		11 009	-	11 009	78 613	-	78 613
Other current assets		8 793	-	8 793	29 764	-	29 764
Total current assets		**54 802**	**-**	**54 802**	**118 071**	**-**	**118 071**
TOTAL ASSETS		**323 588**	**165 136**	**488 724**	**453 350**	**188 793**	**642 143**
EQUITY AND LIABILITIES							
Equity		292 525	165 136	457 661	419 969	188 793	608 762
Liabilities							
Current interest-bearing liabilities		25 035	-	25 035	24 851	-	24 851
Other current liabilities		6 028	-	6 028	8 530	-	8 530
Total liabilities		**31 063**	**-**	**31 063**	**33 381**	**-**	**33 381**
TOTAL EQUITY AND LIABILITIES		**323 588**	**165 136**	**488 724**	**453 350**	**188 793**	**642 143**

Effects on profit/loss for the year 2004

INCOME STATEMENT	Note	Pro forma previous principles	Transition to IFRS	Pro forma IFRS
		January 1 – December 31, 2004		
Investment activities				
Changes in value	A	25 187	23 657	48 844
Dividends		41 458	-	41 458
Gross profit/loss investment activities		**66 645**	**23 657**	**90 302**
Administrative expenses		-20 292	-	-20 292
Operating profit/loss		**46 353**	**23 657**	**70 010**
Net financial items		-615	-	-615
Taxes		-	-	-
Profit/loss for the year		**45 738**	**23 657**	**69 395**

Cash flow statements

The transition to IFRS has affected the valuations of assets, and has not effected the consolidated statement of cash flows. The adjustment of non-cash items in the consolidated statement of cash flows for 2004 has changed, due to changes in value reported through profit or loss in the income statement.

A) Recognition of shares and participation at fair value through profit or loss in the income statement

Shares and participations are recognized in the balance sheet at fair value in accordance with IAS 39, with changes in value through profit or loss in the income statement. In accordance with IAS 28.1, shares and participations in associated companies are recorded at fair value through profit or loss in the income statement in accordance with IAS 39. The total effect on the consolidated opening balance sheet on January 1, 2004, amounts to 165 136, of which 96 900 refers to shares and participations in associated companies, and 68 236 refers to other shares and participations. The total effect has been recognized as an increase of shares and participations on the balance sheet with a corresponding increase of retained earnings , including profit/loss for the year. The total effect on the consolidated balance sheet on December 31, 2004, amounts to 188 793, of which 110 100 refers to shares and participations in associated companies, and 78 693 refers to other shares and participations. The total effect has been recognized as an increase of shares and participations on the balance sheet with a corresponding increase of retained earnings, including profit/loss for the year. For the year 2004, a total effect of 23 657 has been reported in the income statement, within changes in value.

21. Investment activities, the parent company

The gross profit/loss from investment activities is divided into “Result from shares and participations” and “Dividends”. The result from shares and participations refers to all profit/loss emanating from financial instruments, including gains or losses from sale of financial instruments and changes in fair value of financial instruments, except dividends.

22. Employees, the parent company	12 months ended December 31, 2005	12 months ended December 31, 2004

Average number of employees and gender distribution:
The average number of employees during the year amounted to six (six) of which four (four) were men.

Gender distribution in the Board of Directors and senior management:
The Board of Directors and other senior management consisted of men, as in the previous year.

Salaries, other remunerations and social security expenses:

Salaries and other remunerations:		
The Board of Directors and Managing Director	11 450	7 002
Other employees	4 857	2 758
Total salaries and other remunerations	**16 307**	**9 760**
Social security expenses:		
The Board of Directors and Managing Director	4 384	2 799
(of which pension costs)	(550)	(424)
Other employees	2 164	1 249
(of which pension costs)	(469)	(297)
Total social costs	**6 548**	**4 048**
Total salaries, other remunerations and social security expenses	**22 855**	**13 808**

All salaries and other remunerations, except 200 (100) relating to Board remuneration, relate to personnel in Sweden.

23. Remuneration to auditors, the parent company	12 months ended December 31, 2005	12 months ended December 31, 2004
Audit, KPMG Bohlins AB	330	680
Other assignments, KPMG Bohlins AB	-	63
Total remuneration to auditors	**330**	**743**

Audit assignment is defined as the audit of the annual financial statements, the administration of the Board of Directors and the Managing Director, and other tasks, which rest upon the auditor as well as consulting and other assistance, which have been initiated by the findings in performing the audit work or implementation of such tasks. All other work is referred to as other assignments.

24. Depreciation of tangible fixed assets, the parent company	12 months ended December 31, 2005	12 months ended December 31, 2004
Depreciation according to plan by type of asset:		
Equipment	220	220
Total depreciation	**220**	**220**

The total depreciation relates to administration.

25. Net financial items, the parent company	12 months ended December 31, 2005	12 months ended December 31, 2004
Financial income:		
Interest income, associated company	1 001	126
Exchange rate gains	2 884	133
Other interest income	1 003	963
Total	**4 888**	**1 222**
Financial expenses:		
Exchange rate losses	-	-1 071
Other interest expenses	-812	-766
Total	**-812**	**-1837**

26. Equipment, the parent company	December 31, 2005	December 31, 2004
Accumulated acquisition value:		
At the beginning of the year	2 193	1 469
Disposals	-48	-
Acquisitions	515	724
At the end of the year	**2 660**	**2 193**
Accumulated depreciation:		
At the beginning of the year	-1 059	-839
Disposals	33	-
Acquisitions	-220	-220
At the end of the year	**-1 246**	**-1 059**
Carried value	**1 414**	**1 134**

27. Shares and participations in group companies, the parent company	December 31, 2005	December 31, 2004
Accumulated acquisition value:		
At the beginning of the year	-	-
Acquisitions	100	-
At the end of the year	**100**	**-**

Specification of shares and participations held in group companies as at December 31, 2005:

Name	Corporate Identity No.	Registered office	Equity (100%)	Ownership (1)	Carried value
Novestra Financial Services AB	556680-2798	Stockholm	914	100%	100

(1) Novestra's share of capital and votes.

28. Shares and participations in associated companies, the parent company

the parent company	December 31, 2005	December 31, 2004
Accumulated acquisition value:		
At the beginning of the year	122 552	132 051
Acquisitions	16 006	-
Disposals	-	-9 499
At the end of the year	**138 558**	**122 552**
Accumulated changes in value:		
At the beginning of the year	-10 000	-19 499
Disposals	-	9 499
Changes in value during the year	-2 838	-
At the end of the year	**-12 838**	**-10 000**
Carried value	**125 720**	**112 552**

Specification of shares and participations held in associated companies as at December 31, 2005:

Name	Corporate Identity No.	Reg. office	Equity (100%)	Profit/loss (100%)	Ownership[1]	Carried value
Bytek Systems AB [2]	556666-4750	Stockholm	800	-5 595	44.8%	13 434
MyPublisher, Inc.	n/a	N.Y., USA	15 472	5 917	27.9%	48 442
Netsurvey Bolinder AB	556392-3332	Stockholm	5 033	120	45.3%	10 000
Qbranch AB	556470-3980	Stockholm	61 400	23 200	24.0%	53 844
Total						**125 720**

Specification of shares and participations held in associated companies as at December 31, 2004:

Name	Corporate Identity No.	Reg. office	Equity (100%)	Profit/loss (100%)	Ownership[1]	Carried value
MyPublisher, Inc.	n/a	N.Y., USA	-8 771	-7 156	28.0%	45 870
Netsurvey Bolinder AB	556392-3332	Stockholm	1 643	1 643	45.3%	12 838
Qbranch AB	556470-3980	Stockholm	17 398	17 400	25.0%	53 844
Total						**112 552**

(1) Novestras' share of capital and votes.

(2) Novestra holds a convertible loan amounting to MSEK 7.2 with a conversion price of SEK 500 per share, during a period of 60 days following a transaction, or the latest share price if this is below SEK 500 per share. The convertible loan has an annual interest of 3 percent.

Receivables, associated companies

As at the balance date the parent company has a receivable from MyPublisher amounting to 7 645 (3 374).

Interest income, associated companies

During the financial year interest income received from associated companies amounted to 1 001 (126).

Dividends from associated companies

A total dividend of 2 625 (1 875) was received from associated companies.

29. Other shares and participations, the parent company

	December 31, 2005	December 31, 2004
Accumulated acquisition value:		
At the beginning of the year	325 838	259 850
Acquisitions	345 513	153 807
Disposals	-332 970	-87 819
At the end of the year	**338 381**	**325 838**
Accumulated changes in value:		
At the beginning of the year	-25 551	-104 244
Disposals	-	68 236
Changes in value during the year[1)]	210 270	10 457
At the end of the year	**184 719**	**-25 551**
Carried value	**523 100**	**300 286**

Specification of shares and participations:

Name	Ownership[(1)], % Dec. 31, 2005	No. of shares Dec. 31, 2005	Carried value Dec. 31, 2005	Carried value Dec. 31, 2004
Private holdings:				
C More Group AB	-	-	-	2 068
Continuum Group Ltd [(2)]	12.3	8 062 500	13 207	35 184
Dallas sthlm DDG AB	7.0	112 904	426	426
DCM, Digital Communication Media AB	-	-	-	3 906
Explorica, Inc. [(3)]	13.6	4 777 663	64 400	52 856
Flexbridge Technologies, Inc.	-	-	-	5 011
Strax Holdings, Inc.	19.6	2 192 335	127 800	53 825
Other	n/a	n/a	11	169
			205 844	**153 446**
Public holdings:				
Nove Capital Fund			296 505	-
Other public holdings			20 751	146 839
			317 256	**146 840**
Total			**523 100**	**300 286**

(1) Prior to dilution and utilisation of options etc.

(2) Novestra has a remaining investment commitment of MUSD 1.9. After discussions with Continuum's board and other main shareholders in Continuum, Novestra's Board estimates that Continuum does not intend to call for payment of the remaining investment commitment.

(3) Novestra holds warrants to subscribe for 1 340 000 shares in Explorica at a strike price of USD 0.45 per share, valid up to and including June 14, 2011. If Novestra were to utilize its warrants, Novestra's ownership would amount to 16.8 percent. If all 10 900 678 warrants issued in Explorica were to be utilized, Novestra's ownership would amount to 14.8 percent.

30. Equity, the parent company

Equity in the parent company consists of restricted equity and non-restricted equity. Restricted equity may not be reduced through dividends to the shareholders.

Restricted equity

Novestra's restricted equity consists of share capital and the statutory reserve. The statutory reserve may be used to cover incurred losses, after decision taken by a general meeting with the shareholders.

Non-restricted equity

Novestra's non-restricted equity consists of the net profit/loss for the year and previous years' accumulated profit/loss, reduced by any statutory reserve provision and after any dividends have been paid out. All income and costs accounted for during a period are included in the net profit/loss, unless a recommendation from the Swedish Accounting Standards Council, or within IFRS, requires or allows them to be accounted for directly against the equity. The non-restricted equity that is accounted for at the end of each year is available for dividends to the shareholders.

Dividend

The Board of Directors and the Managing Director propose a dividend of SEK 2.00 per share for the financial year 2005. A dividend of SEK 1.00 per share was paid out for the financial year 2004.

Number of shares issued	December 31, 2005	December 31, 2004
At the beginning of the year	37 187 973	31 187 973
New share issue	-	6 000 000
At the end of the year	**37 187 973**	**37 187 973**

There is only one class of outstanding shares in Novestra and all shares are fully paid. All shares have the same right to the assets and profits, and every share has one vote at a general meeting with the shareholders. The share capital amounts to SEK 37 187 973 and the quota value amounts to SEK 1.00.

Effect of changed accounting policies

In the parent company, shares and participations, other than shares and participations in group or associated companies, are reported at fair value, with changes in value through profit or loss in the income statement, starting with the financial year 2005. For comparison reasons, the figures for 2004 has been recalculated according to the same accounting principles, and as a result thereof the ingoing equity as of January 1, 2004, has been effected by 68 236.

31. Interest-bearing loans, the parent company	12 months ended December 31, 2005	12 months ended December 31, 2004
Raised loans – credit institutions	29 903	24 851
Total	**29 903**	**24 851**

32. Accrued expenses and prepaid income, the parent company	12 months ended December 31, 2005	12 months ended December 31, 2004
Personnel related costs	12 702	6 340
Costs for annual report, audit and AGM	920	920
Other	107	174
Total	**13 729**	**7 434**

33. Pledged assets, the parent company	12 months ended December 31, 2005	12 months ended December 31, 2004
Pledged assets	115 800	146 837
Utilized assets	-29 903	-24 851
Second mortgage	**85 897**	**121 986**

The pledge refers to pledging of financial instruments. Additional credits of 75 000 were granted in February 2006. The total of credits granted amounts to 125 000.

34. Specification to the cash flow statement, the parent company	12 months ended December 31, 2005	12 months ended December 31, 2004
Adjustment for transactions not included in cash flow		
Write-downs	220	220
Proceeds from sale of fixed assets	1	-
Result from shares and participations	-165 711	-35 462
Dividends of shares and participations	-23 182	-
	-188 672	**-35 242**
Non-cash transactions		
Sale of assets in exchange for promissory note	189 180	-
Sale of assets in exchange for other asset	9 939	16 747
	199 119	**16 747**
Cash and cash equivalent		
The following components are included in cash and cash equivalent:		
Cash and bank balances	2 593	78 613
	2 593	**78 613**

As at December 31, 2005, the group has an unutilized credit facility amounting to 20 097 (15 149) which is not accounted for in the above values.

Paid interest and dividends received		
Dividends received	15 662	33 506
Interest received	2 004	1 089
Interest paid	-812	-765

35. Related parties disclosure, the group and the parent company

The following additional information about related parties is being provided in addition to what has been described in the annual report.

Companies with common board members

There are a number of companies in which Novestra and the company have common board members. Information has not been provided in this note because these situations are either not considered to involve influence of the type described in IAS 24, or the transactions refer to intangible amounts.

Related party transactions

Novestra has invested MSEK 189.2 in Nove Capital Fund Ltd. Novestra's chairman, Theodor Dalenson, is the main shareholder in Nove Capital Management AB, the manager of Nove Capital Fund Ltd.

See Note 7, Employees, for information about salaries and other compensation, costs regarding pensions and similar benefits, and severance payment agreements for the Board, Managing Director and other employees.

For information regarding dealings with associated companies see Note 28, Shares and participations in associated companies.

36. Significant events after the end of the period, the group and the parent company

No significant events have, as of the signing of this annual report, incurred.

The annual report and the financial statements were approved by the Board of Directors on March 23, 2006. The consolidated income statement and balance sheet, and the income statement and balance sheet of the parent company, are subject to resolution at the Annual General Meeting on April 25, 2006.

Stockholm March 23, 2006

Theodor Dalenson
Chairman

Colin Kingsnorth

Anders Lönnqvist

David E. Marcus

Bertil Villard

Peter Ekelund
Managing Director

My audit report as submitted on March 23, 2006

Stefan Holmström
Authorized Public Accountant

THIS ANNUAL 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.

Audit Report

To the annual meeting of the shareholders of AB Novestra
Corporate identity number 556539-7709

I have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of AB Novestra for the year 2005. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of International Financial Reporting Standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. My responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Sweden. Those standards require that I plan and perform the audit to obtain high but not absolute assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and the consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for my opinion concerning discharge from liability, I examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. I also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. I believe that my audit provides a reasonable basis for my opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

I recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm, March 23, 2006

Stefan Holmström
Authorized Public Accountant

Definitions

RETURN ON SHAREHOLDERS' EQUITY
Income for the year as a percentage of the average shareholders' equity excluding minority interests.

EQUITY/ASSETS RATIO
Shareholders' equity excluding minority interests as a percentage of the total assets.

CASH FLOW AFTER INVESTMENTS
Result after financial items increased with depreciation and other items not affecting cash flow minus paid tax and adjusted for changes in working capital and net investments in fixed assets.

SHAREHOLDERS' EQUITY PER SHARE
Shareholders' equity in relation to the number of shares at the end of the period.

SHAREHOLDERS' EQUITY PER SHARE AFTER FULL DILUTION
Shareholders' equity adjusted for the increase of shareholders' equity that occurs at full dilution in relation to the number of shares at the end of the period, corresponding to the number, if full dilution had occurred.

RESULT PER SHARE
Income for the period in relation to the average number of shares.

RESULT PER SHARE AFTER FULL DILUTION
The result in relation to the average number of shares increased with the number that are added upon full dilution.

NUMBER OF SHARES AT THE END OF THE PERIOD
The number of shares at the end of each period adjusted for bonus issues and share splits.

NUMBER OF SHARES AT THE END OF THE PERIOD AFTER FULL DILUTION
The number of shares at the end of each period adjusted for bonus issues and share splits increased with the number of shares that are added after full dilution.

AVERAGE NUMBER OF SHARES DURING THE PERIOD
The average number of shares during the period calculated on a daily basis adjusted for bonus issues and share splits.

THE AVERAGE NUMBER OF SHARES DURING THE PERIOD AFTER FULL DILUTION
The average number of shares during the period calculated on a daily basis, adjusted for bonus issues and share splits increased with the number of shares that are added after full dilution.

AVERAGE ANNUAL GROWTH IN SALES
The total of the annual growth during the period divided by the number of years.

In this Annual Report, "Novestra" or "the Company" pertains to AB Novestra (publ).

Other definitions: Akamai Technologies, Inc. ("Akamai"), Bytek Systems AB ("Bytek Systems"), C More Group AB – formerly Canal Plus Television AB – ("C More Group"), Continuum Group Ltd ("Continuum"), Dallas sthlm DDG AB ("Dallas"), Dicentia A/S ("Dicentia"), Explorica, Inc. ("Explorica"), FLEXbridge Technologies, Inc. ("FLEXbridge"), inWarehouse AB (publ) ("inWarehouse"), MyPublisher, Inc. – formerly Recollections Keepsake Holdings, Inc. – ("MyPublisher"), Netsurvey Bolinder AB ("Netsurvey"), Nove Capital Master Fund Ltd ("Nove Capital"), Pergo AB (publ) ("Pergo"), Qbranch AB ("Qbranch"), Speedera Networks, Inc. ("Speedera"), Strax Holdings, Inc. ("Strax").

Shareholder information

Annual General Meeting
The Annual General Meeting will be held at 4.00 p.m. on Tuesday, April 25, 2006 in "Lagrummet" at Advokatfirman Vinge KB, Smålandsgatan 20, Stockholm, Sweden.

Participation
To be entitled to participate in the business of the Meeting, shareholders:

must be recorded in the register of shareholders maintained by VPC AB (the Swedish Securities Register Center) on Wednesday, April 19, 2006, and

must notify the company of their intention to attend the Meeting no later than 4.00 p.m. on Wednesday, April 19, 2006

Notification of participation in the Annual General Meeting
Notification can be given by writing to AB Novestra, Norrlandsgatan 16, SE-111 43 Stockholm, Sweden.
by calling +46 8 545 017 50,
by faxing +46 8 545 017 60,
or by e-mailing info@novestra.com.

Nominee-registered shares
Shareholders whose shares are registered in the name of a nominee through the trust department of a bank or similar institution must, in order to be entitled to participate in the meeting, request that their shares be temporarily re-registered in their own names in the register of shareholders held by VPC AB. Such registration must be effected on Wednesday April 19, 2006 at the latest. Shareholders are requested to inform their nominees well in advance prior to this date.

Dividend
The Board of Directors and the Managing Director propose a dividend to the shareholders of SEK 2.00 per share for the financial year 2005.

April 28, 2006 has been proposed as the record date for the dividend. If the proposal is approved by the Annual General Meeting, the dividend is expected to be distributed by VPC AB on May 4, 2006.

Financial calendar
April 25, 2006
Annual General Meeting

April 25, 2006
Interim Report Q1
January 1 – March 31, 2006

April 26, 2006
Bulletin from the Annual General Meeting

August 22, 2006
Interim Report Q2
January 1 – June 30, 2006

October 23, 2006
Interim Report Q3
January 1 – September 30, 2006

Other
This annual report has been distributed to all shareholders recorded in VPC's register as per the above.

The financial information can be found in Swedish and in English at Novestra's homepage www.novestra.com and may be ordered from

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