

NOVESTRA

INTERIM REPORT NO. 3 FOR THE FINANCIAL YEAR 2006 REFERRING TO THE PERIOD JANUARY 1 – SEPTEMBER 30, 2006

THE BOARD PROPOSES REDEMPTION AND DISTRIBUTION OF THE INVESTMENT IN NOVE CAPITAL, CURRENTLY AMOUNTING TO APPROXIMATELY MSEK 300

- The Group's net income amounted to MSEK 43.7 (167.6), corresponding to SEK 1.18 (4.5) per share. Equity rose to MSEK 761.8 (739.2), amounting to SEK 20.5 (19.9) per share. Cash and cash equivalents, including holdings in Nove Capital Fund, amounted to MSEK 317.3 (279.1).
- The four largest private holdings showed continued growth in revenues of between 18 and 66 percent. The value of Novestra's investment in Nove Capital Fund since inception in May 2005, has increased by MSEK 110.4, equivalent to a return of 58 percent.
- The holding in Nove Capital is proposed to be redeemed and the cash to be distributed during the second quarter of 2007. The distribution will be done by issuing a redemption share for each Novestra share. The value as at September 30 amounts to approximately MSEK 300 corresponding to approximately 8 SEK per Novestra share.
- The four largest portfolio companies are all reviewing different strategic opportunities and decisions have been made on the respective boards seeking to create liquidity for the shareholders in the individual companies.

"We are continuing to look at and negotiate different divestment opportunities although the interest in small cap remains weaker than during the first part of the year. However, our portfolio companies continue to develop well and we remain positive about their prospects for growth during the remainder of the year.

The board and the management have reviewed the strategic opportunities for Novestra and are working on a plan for when the planned divestments and distributions have been completed. We are likely to be able to present these plans at the AGM in April." Says Novestra's Managing Director, Johan Heijbel.

All amounts are provided in SEK thousands unless otherwise indicated. Figures in parentheses refer to the corresponding period the previous financial year.

SIGNIFICANT EVENTS DURING THE PERIOD

During the third quarter of 2006, the performance of the largest portfolio companies continued to be positive with continued growth rates and improved financial results.

Private portfolio companies

Explorica during the financial year 2005/2006 showed continued growth in revenues in the U.S. and Canada, its main markets. The financial year ended August 31, 2006, with sales of MUSD 55, representing a year on year growth of approximately 30 percent. For the current financial year Explorica is expected to grow by approximately 35 percent and show a significant improvement in results. During the third quarter, the Board of Directors of Explorica has reviewed indicative bids for the company, that have been rejected.

MyPublisher's revenues from production under its own brand during the period increased by approximately 66 percent which is below last years growth rate and below the growth rate of the industry. The new strategy once completed will result in higher gross margins. Novestra anticipates a further increase in MyPublisher's growth rate towards the end of the year.

Qbranch has continued to develop well and has showed continued growth in both revenues and profit during the period compared with the previous year. For 2006, the company anticipates sales of approximately MSEK 290 representing a year over year growth of approximately 20 percent.

Strax showed growth in revenues during the period of 54 percent. Due to a temporary disturbance relating to the trading business in Europe the company will not reach the previously indicated sales level of MUSD 250 for 2006. The company expects a considerable improvement in result. *More Mobilfunkzubehör GmbH* has been successfully integrated during the period and the company has strengthened its position in accessories in Europe.

Diino (formerly Bytek Systems) has during the first year test launched a beta version of its on-line storage system, diino™. The number of registered users during the period has exceeded 40 000 and the web-based service has received very positive reviews in the international media. Novestra plans to distribute its ownership in Diino (approximately 65% after conversion) to its shareholders when the required prerequisites have been fulfilled and thereafter a listing of Diino is planned.

Netsurvey's revenues showed good growth during the period, with prospects for considerable improvement in result for 2006.

Continuum's liquidation is expected to be completed during 2007. Novestra received dividends according to plan during the period. The distribution of the remaining shares/cash to the company's shareholders will further improve Novestra's liquidity during 2007.

No significant changes have been made during the quarter related to the value of the private venture portfolio. Currency effects during the quarter have had a slight positive impact on valuations.

Nove Capital Fund

On May 2, 2005, operations in Nove Capital Fund were initiated, where Novestra invested MSEK 189.2. As at September 30, 2006, Novestra's return on investment from participation in Nove Capital Fund amounted to MSEK 110.4, corresponding to an appreciation in value of 58 percent. As at September 30, the total value of Novestra's holding amounts to approximately MSEK 300. The Board proposes that the value of Novestra's holding in Nove Capital Fund is to be redeemed and the cash to be distributed to the shareholders directly after the Annual General Meeting in 2007.

Other

On September 1, Peter Ekelund left his position as Managing Director of Novestra and took up the position as Managing Director of Diino AB. The Board of Directors appointed Johan Heijbel as Managing Director of AB Novestra.

RESULT AND FINANCIAL POSITION JANUARY 1 – SEPTEMBER 30, 2006

The Group

The Group's net income for the period amounted to 43 722 (167 587). The result included gross profit from investment activities amounting to 56 956 (178 586), gross profit from other activities of 5 197 (484), administration expenses of -12 969 (-14 444) and net financial items of -4 010 (3 097). As at September 30, 2006, total assets amounted to 885 002 (760 913), of which equity was 761 798 (739 160), corresponding to an equity/assets ratio of 86.0 (97.1) percent. Current liabilities to credit institutions amounted to 117 778 (16 882). The Group's cash and cash equivalents together with Novestra's participation in Nove Capital Fund amounted to 317 337 (279 103). In addition, the Group has an unutilized credit facility amounting to 7 221 (31 387).

Investments

During the period, investments in tangible fixed assets amounted to 168 (493) and investments in financial assets amounted to 13 609 (327 105).

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

After the end of the period, the operations in the private portfolio companies have continued to develop according to plan.

FUTURE DEVELOPMENT

The prospects for continued value appreciation in the private growth portfolio are to a certain degree largely dependent on the development of the individual companies. The market's and the industrial players' valuation and appetite in growth companies are crucial factors for the continued development in value in Novestra.

Since the second quarter of 2006, there has been a decreased interest in small growth companies and this fact was reflected in the movements in market prices for small listed companies and also for Novestra.

Novestra's assessment is that the development among its growth companies will remain positive in 2006, but that the market's interest in growth companies during the next 6-12 months will be important for the company's ability to divest assets in the private venture portfolio at attractive valuations.

The four largest portfolio companies are all reviewing different strategic opportunities and decisions have been made on the respective boards seeking to create liquidity for the shareholders in the individual companies. Novestra is actively involved in and supports these efforts but does not alone control the timing and execution of such events of any exits or listings.

Discussions with, and input from the larger shareholders as to the future of Novestra has lead to a decision to prepare a plan for the company, once the planned divestments and distributions have been completed. The Board of Directors has instructed the management to review different alternatives and propose a strategy going forward in connection with the AGM in April.

ACCOUNTING PRINCIPLES**The Group**

AB Novestra prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as of the financial year 2005. For AB Novestra this means that it is primarily IAS 39 (Financial instruments: recognition and measurement) which has an effect on the accounting compared to the accounting in accordance with previous principles. When applying IAS 39, share-related investments are reported at real value with value changes in the income statement. In accordance with IAS 28 paragraph 1, shares and participations in associated companies are also reported at real value. This interim report has been prepared in accordance with IAS 34 Interim Reporting and RR31 Interim Reporting for Groups.

Methods for valuation of shares and participations

The calculation of real value for unlisted shares and participations is made through the calculation of discounted future cash flows in accordance with accepted methods, and through relative valuation where the calculated value is compared to the valuation of comparable listed companies. Listed shares and participations are valued on the basis of their share price on the closing date. Holdings in funds are valued at the fund unit value reported by the respective fund administrator on the closing date.

OTHER INFORMATION

Financial calendar:

Year-end Report for 2006
February 19, 2007

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

This report has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish and the translation, the former shall have precedence.

Stockholm, October 23, 2006

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Managing Director

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Company information:

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

HOLDINGS AS AT September 30, 2006, MSEK

PORTFOLIO COMPANIES	THE GROUP		
	CARRYING VALUE bal. c/f	OWNER- SHIP, % ¹	MARKET CAP AT CARRYING VALUES
PRIVATE COMPANIES			
DIINO AB (BYTEK SYSTEMS AB)	20.0	44.8	44.6
CONTINUUM GROUP LTD	15.2	12.3	123.6
DALLAS STHLM DDG AB	0.4	7.0	5.7
EXPLORICA, INC.	56.7	13.6	416.9
MYPUBLISHER, INC.	163.6	27.9	586.3
NETSURVEY BOLINDER AB	10.2	45.3	22.5
QBRANCH AB	119.5	24.0	497.9
STRAX HOLDINGS, INC.	137.7	19.5	706.1
OTHER	0.1	n/a	n/a
TOTAL PRIVATE COMPANIES	523.4		
PUBLIC COMPANIES			
NOVE CAPITAL FUND	299.6		
OTHER	5.7		
TOTAL PUBLIC COMPANIES	305.3		
TOTAL INVESTMENTS	828.7		

¹ Share of capital, prior to dilution and exercise of options etc.

For information regarding the portfolio companies with regard to business operations and financial data, reference is made to Novestra's latest annual report; for new investments in private portfolio companies, reference is made to Novestra's published press releases for each respective company.

THE GROUP

INCOME STATEMENTS
(SEK THOUSANDS)

	2006 (9 months) Jan 1 – Sept 30	2005 (9 months) Jan 1 – Sept 30	2006 (3 months) Jul 1 – Sept 30	2005 (3 months) Jul 1 – Sept 30	2005 (12 months) Jan 1 – Dec 31
INVESTMENT ACTIVITY					
Changes in value	32 975	161 972	13 669	66 329	218 024
Dividends	23 981	16 614	-	12 463	30 147
Gross profit investment activity	56 956	178 586	13 669	78 792	248 171
Other activity					
Income from other activity	5 197	484	1 769	484	1 140
Gross profit other activity	5 197	484	1 769	484	1 140
Gross profit	62 153	179 070	15 438	79 276	249 311
Administrative expenses ¹	-12 969	-14 444	-4 102	-2 935	-32 191
Operating income	49 184	164 626	11 336	76 341	217 120
RESULT FROM FINANCIAL INVESTMENTS					
Net financial items	-4 010	3097	-1 278	-124	4 076
Result after financial items	45 174	167 723	10 058	76 217	221 196
Current taxes	-1 452	-136	-495	-136	-316
RESULT FOR THE PERIOD	43 722	167 587	9 563	76 081	220 880
Result per share (SEK)	1.18	4.51	0.26	2.05	5.94
Average number of shares during the period	37 187 973	37 187 973	37 187 973	37 187 973	37 187 973

¹ Depreciation for the period amounted to -132 (-169). The total depreciation relates to equipment pertaining to administration.

THE GROUP

KEY RATIOS

	2006 (9 months) Jan 1 – Sept 30	2005 (9 months) Jan 1 – Sept 30	2006 (3 months) Jul 1 – Sept 30	2005 (3 months) Jul 1 – Sept 30	2005 (12 months) Jan 1 – Dec 31
FINANCIAL KEY RATIOS					
Equity, MSEK	761.8	739.2	761.8	739.2	792.5
Equity/assets ratio, %	86.0	97.1	86.0	97.1	94.4
Cash flow after investments, MSEK	1.5	-28.6	1.6	8.2	-38.7
DATA PER SHARE					
Equity, SEK	20.49	19.88	20.49	19.88	21.31
Result, SEK	1.18	4.51	0.26	2.05	5.94
NUMBER OF SHARES ETC.					
Number of shares at the end of the period	37 187 973	37 187 973	37 187 973	37 187 973	37 187 973
Average number of shares during the period	37 187 973	37 187 973	37 187 973	37 187 973	37 187 973

THE GROUP

PERFORMANCE BY BUSINESS AREA
Jan 1 – Sept 30 (SEK thousands)

	Private holdings		Public holdings		Joint		Total	
	2006	2005	2006	2005	2006	2005	2006	2005
Income from shares and participations								
Changes in value	30 077	105 091	2 898	69 009	-	335	32 975	174 435
Dividends	23 981	4 151	-	-	-	-	23 981	4 151
Income from other activity	-	-	-	-	5 197	484	5 197	484
Gross profit	54 058	109 242	2 898	69 009	5 197	819	62 153	179 070
Administrative expenses								
Personnel costs	-748	-1 568	-898	-1 204	-5 486	-6 004	-7 132	-8 776
Depreciation	-	-	-	-	-132	-169	-132	-169
Other costs	-	-	-	-	-5 705	-5 499	-5 705	-5 499
	-748	-1 568	-898	-1 204	-11 323	-11 672	-12 969	-14 444
Operating profit/loss	53 310	107 674	2 000	67 805	-6 126	-10 853	49 184	164 626
Net financial income	-	-	-	-	-4 010	3 097	-4 010	3 097
Current taxes	-	-	-	-	-1 452	-136	-1 452	-136
Result for the period	53 310	107 674	2 000	67 805	-11 588	-7 892	43 722	167 587

THE GROUP

BALANCE SHEETS (SEK THOUSANDS)

30 Sept 2006

30 Sept 2005

31 Dec 2005

ASSETS

FIXED ASSETS

Equipment	1 441	1 443	1 414
Shares and participations	828 707	726 575	811 233
Total assets	830 148	728 018	812 647

CURRENT ASSETS

Current receivables:			
Other receivables	30 361	18 906	22 228
Prepaid expenses and accrued income	6 801	1 086	1 689
	37 162	19 992	23 917

Cash and cash equivalents

17 692

12 903

2 693

Total current assets	54 854	32 895	26 610
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TOTAL ASSETS

885 002

760 913

839 257

EQUITY AND LIABILITIES

EQUITY

761 798

739 160

792 453

Current liabilities:

Interest-bearing liabilities	117 778	16 882	29 903
Accounts payable	485	223	435
Other liabilities	2 265	698	2 727
Accrued expense and prepaid income	2 676	3 950	13 739

Total current liabilities	123 204	21 753	46 804
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Total liabilities	123 204	21 753	46 804
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TOTAL EQUITY AND LIABILITIES

885 002

760 913

839 257

Pledged assets

305 363

266 203

115 800

Contingent liabilities

None

None

None

THE GROUP

CHANGE IN EQUITY DURING THE PERIOD

(SEK THOUSANDS)

EQUITY B/F JAN 1, 2005 PRO FORMA

608 761

Result January 1 – September 30, 2005

167 587

Dividend 2005

-37 188

Equity as at September 30, 2005	739 160
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Result October 1 – December 31, 2005

53 293

Equity as at December 31, 2005	792 453
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Result January 1 – September 30, 2006

43 722

Dividend 2006

-74 376

EQUITY AS AT September 30, 2006	761 798
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THE GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS (SEK THOUSANDS)	2006 (9 months) Jan 1 – Sept 30	2005 (9 months) Jan 1 – Sept 30	2005 (12 months) Jan 1 – Dec 31
OPERATING ACTIVITIES:			
Profit/loss before tax	45 174	167 723	221 196
Adjustment for non cash items	-33 107	-171 167	-240 985
Taxes paid	-	-	-
Funds provided from operations prior to changes in working capital	12 067	-3 444	-19 789
Details of changes in working capital:			
Increase (-)/decrease (+) in current receivables	-13 245	9 766	3 574
Increase (+)/decrease (-) in current liabilities	-12 655	-3 796	8 055
Cash flow from operations	-13 833	2 526	-8 160
INVESTMENT ACTIVITIES			
Investments in tangible assets	-168	-493	-515
Investments in financial assets	-13 609	-123 348	-142 241
Proceeds from sale of financial assets	29 110	100 762	107 132
Cash flow from investment activities	15 333	-23 079	-35 624
FINANCING ACTIVITIES			
Dividend	-74 376	-37 188	-
Changes in interest-bearing liabilities	87 875	-7 969	5 052
Cash flow from financing activities	13 499	-45 157	-32 136
Cash flow for the period	14 999	-65 710	-75 920
Cash and cash equivalents at the beginning of the period	2 693	78 613	78 613
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	17 692	12 903	2 693

About AB Novestra

Novestra is an independent investment company with a portfolio of investments in a number of privately held growth companies including Diino AB, Explorica, Inc., MyPublisher, Inc., Netsurvey AB, Qbranch AB and Strax Holdings, Inc.

In addition, Novestra has an investment in Nove Capital Fund, that primarily invests in public companies which are considered to have a value potential because of special situations such as reconstructions, turnarounds or for other reasons offer a significant upside potential and therefore an interesting risk/reward.

The Novestra shares are listed on the Nordic Small Cap list of the Stockholm Stock Exchange. For further information regarding AB Novestra, reference is made to www.novestra.com