

PROVENTUS

ANNUAL REPORT
FOR

2002

PROVENTUS AKTIEBOLAG (publ)

Company registration number: 556042-3443

REPORT OF THE BOARD OF DIRECTORS

Operations

The company's operations consist mainly of trading in securities and investing in design and investment banking activities.

Proventus continued to conduct securities trading in shares, interest-bearing instruments and currencies during 2002. Trading was conducted in both domestic and international markets. Trading in acquired and issued futures and options was considerable. At the end of the year, the inventories of securities mainly consisted of interest-bearing instruments. At the beginning of 2002, Proventus made the assessment that international stock markets were overvalued and it therefore had a substantial negative exposure towards the American stock market through owned and issued options. When the index reached the expected level in July, this exposure was discontinued. Following an upswing in October, a new, smaller position was assumed.

AB Art and Technology by Proventus, with its subsidiaries Artek Oy Ab, Kinnasand AB and Snowcrash, conducts sales, development and design activities in the furniture and interior design industries. Snowcrash has decided to discontinue its resources for in-house product development and will instead continue to exploit the product rights it has built up and to cooperate with other companies in the Proventus Group.

Nessuah Zannex is an Israeli investment bank. The company is a member of the Tel Aviv stock exchange and, through strategic partnerships with U.S. Bancorp, Piper Jaffray, Commerzbank and Invesco, it is one of the leading non-bank-owned Israeli investment banks. Proventus owns 73% of the capital and votes in the company.

Magasin 3 Stockholm Konsthall has conducted exhibition operations since 1987. During 2002, three highly acclaimed exhibitions were arranged. The first was a retrospective exhibition of the Swedish artist Lars Nilsson, which is also being exhibited at Palais de Tokyo, a new French museum in Paris, during spring 2003. Subsequently, the Museum of Modern Art c/o Magasin 3 exhibition was held during summer 2002, followed by an exhibition of the works of the American artist Tony Oursler. Magasin 3 Projekt Djurgårdsbrunn, an experimental site that ended up including exhibitions, happenings and a restaurant, was opened in summer 2002.

Judiska Teatern promotes and supports the creation and continued existence of professional theater activities in Sweden characterized by clear, essential and genuine Jewish qualities. Two newly written Swedish plays were performed during 2002: "Kristallvägen" by Katarina Frostenson and "Stilla Vatten" by Lars Norén, which was produced in cooperation with Riksteatern's national drama department.

Ownership

Proventus's share capital is represented by a total of 5,830 ordinary and preferred shares. At the end of the year, Robert Weil owned all of the ordinary Proventus shares, corresponding to 82.62% of the share capital and 98% of the voting rights. The preferred shares were held by Andreas Weil (8.69% of the share capital), Sandra Weil (8.35%) and Kamras Invest (0.34%).

Profit and financial position

The following key figures reflect the trend in the Group's profit and financial position during the past five years.

Group MSEK	1998	1999	2000	2001	2002
Net sales	16,384	11,406	5,350	6,420	5,436
Profit / loss after financial items	128	-71	157	323	11
Total assets	2,899	2,952	3,046	3,425	3,254
Equity / assets ratio, %	71	75	77	79	82
Return on shareholders' equity, %	6	neg	4	14	neg
Return on capital employed, %	6	neg	6	11	1
Net asset value *)	2,248	2,138	2,602	2,870	2,851
Number of employees	357	420	456	258	233

*) Not including hidden reserves in wholly owned subsidiaries.

Proposed disposition of profit

Group

On December 31, 2002, the Group's unrestricted shareholders' equity amounted to MSEK 2,561. No allocations to restricted shareholders' equity are proposed.

Parent Company

Funds at the disposal of the Annual General Meeting amount to SEK 2,339,310,540 in the form of unrestricted shareholders' equity. The Board of Directors and President propose that the entire amount be carried forward.

CONSOLIDATED INCOME STATEMENT

MSEK		2002	2001
Net sales	Note 3	5,436	6,420
Cost of goods sold		-5,159	-5,962
Gross profit		277	458
Selling expenses		-57	-53
Administration expenses		-119	-196
Research and development expenses		-14	-15
Other operating revenues		9	10
Other operating expenses		-45	-1
Operating profit		51	203
Profit from financial investments			
Gain from sale of subsidiary		0	115
Gain from sale of securities		-1	0
Share in associated company results		-1	-4
Interest income		3	3
Interest expense		-6	-10
Exchange-rate differences		-35	16
Profit after financial items	Note 3	11	323
Taxes	Note 5	-25	17
Minority share		7	7
Net profit/loss for the year		-7	347

CONSOLIDATED BALANCE SHEET

MSEK

Dec. 31, 2002 Dec. 31, 2001

ASSETS

Fixed assets

Intangible fixed assets

	Note 6			
Rental rights and similar items		37		30
Goodwill		27		52

Tangible fixed assets

	Note 7			
Buildings and land		257		251
Machinery and other plant		1		2
Equipment		32		30

Financial fixed assets

	Note 8			
Shares in associated companies	Note 12	12		15
Other long-term holdings of securities	Note 12	4		75
Deferred tax receivable	Note 13	217		238
Other long-term receivables		23		41
		610		663

Current assets

Inventories	Note 14	2,331		2,421
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Receivables

Accounts receivable		18		22
Other receivables		157		182
Prepaid expenses and accrued income	Note 15	20		8

Cash and bank balances		118		129
		2,644		2,762

Total assets		3,254		3,425
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SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES

Shareholders' equity	Note 16		
Restricted shareholders' equity			
Share capital		58	58
Restricted reserves		22	22
Unrestricted shareholders' equity			
Unrestricted reserves		2,568	2,241
Net profit for the year		-7	347
		<u>2,641</u>	<u>2,668</u>
Minority interests		14	27
Provisions			
Provision for pensions, PRI		26	26
Provision for pensions, others		1	3
Deferred tax liabilities		0	2
Other provisions	Note 17	59	39
		<u>86</u>	<u>70</u>
Long-term liabilities			
Interest-bearing			
Loans from shareholders	Note 18	81	53
Convertible debenture loan	Note 18	37	45
Other loans		4	34
Overdraft facilities	Note 19	0	18
Other long-term liabilities		15	24
		<u>137</u>	<u>174</u>
Current liabilities			
Interest bearing			
Other current liabilities		294	219
Interest-free			
Accounts payable		33	99
Tax liabilities		6	7
Other current liabilities		16	139
Accrued expenses and prepaid income	Note 20	27	22
		<u>376</u>	<u>486</u>
Total shareholders' equity, provisions and liabilities		<u><u>3,254</u></u>	<u><u>3,425</u></u>
Assets pledged	Note 21	86	408
Contingent liabilities	Note 21	11	4

CASH FLOW STATEMENT, GROUP

MSEK	2002	2001
OPERATIONS		
Cash flow from operations during the year		
Sales and other revenues	5,445	6,430
Operating expenses	-5,370	-6,206
Financial income and expense	-59	18
Taxes	-4	-4
Cash flow from operations	12	238
Funds tied up in operations		
Change in inventories	90	-436
Change in current receivables	16	-35
Change in long-term receivables	-167	139
Net financing from operations during the year	-49	-94
Funds tied up in fixed assets		
Change in intangible assets	16	4
Change in tangible assets	-17	-41
Change in financial assets	8	180
Surplus/deficit from business operations	-42	49
FINANCING		
Shareholder financing		
Minority share	-5	-6
External interest-bearing financing		
Current loan financing	75	-40
Long-term loan financing	-39	-65
Cash flow after financing	-11	-62
Liquid funds on January 1	129	191
Liquid funds on December 31	118	129

PARENT COMPANY INCOME STATEMENT

MSEK		2002	2001
Net sales	Note 3	5,179	6,124
Cost of goods sold		<u>-4,958</u>	<u>-5,816</u>
Gross profit		221	308
Administration expenses		-25	-30
Other revenues		6	5
Operating profit		202	283
 Profit from financial investments			
Loss from participations		-12	-8
Earnings from sale of securities		-2	55
Write-down of participations in Group companies		-88	-2
Interest income		2	2
Interest expense		-12	-18
Exchange-rate differences		<u>-34</u>	<u>17</u>
Profit after financial items		56	329
Taxes	Note 5	<u>-45</u>	<u>11</u>
Net profit for the year		<u>11</u>	<u>340</u>

PARENT COMPANY BALANCE SHEET

MSEK

Dec. 31, 2002 Dec. 31, 2001

ASSETS

Fixed assets

Tangible fixed assets

	Note 9		
Buildings and land		20	18
Equipment		15	14

Financial fixed assets

	Note 10		
Shares in subsidiaries	Note 11	133	213
Receivables from Group companies		375	350
Other long-term holdings of securities	Note 12	4	4
Deferred tax receivable	Note 13	211	235
Other long-term receivables		5	13
		763	847

Current assets

Inventories	Note 14	1,903	1,911
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Receivables

Receivables from Group companies			0
Other receivables		123	134
Prepaid expenses and accrued income	Note 15	14	2

Cash and bank balances

	Note 19	63	28
		2,103	2,075

Total assets

		2,866	2,922
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SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES

Shareholders' equity	Note 16		
Restricted shareholders' equity			
Share capital		58	58
Share premium reserve		11	11
Legal reserves		11	11
Unrestricted shareholders' equity			
Unrestricted reserves		2,329	2,044
Net profit for the year		11	340
		<u>2,420</u>	<u>2,464</u>
Provisions			
Provision for pensions, PRI		23	23
Provision for pensions, others		1	3
		<u>24</u>	<u>26</u>
Long-term liabilities			
Interest-bearing			
Loans from shareholders	Note 18	81	53
Convertible debenture loan	Note 18	37	45
Liabilities to Group companies		210	184
Overdraft facilities	Note 19	0	17
Other long-term liabilities		14	57
Interest-free			
Liabilities to subsidiaries		47	47
		<u>389</u>	<u>403</u>
Current liabilities			
Interest-bearing			
Other current liabilities		18	0
Interest-free			
Accounts payable		2	3
Other current liabilities		5	19
Accrued expenses and prepaid income	Note 20	8	7
		<u>33</u>	<u>29</u>
Total shareholders' equity, provisions and liabilities		<u><u>2,866</u></u>	<u><u>2,922</u></u>
Assets pledged	Note 21	11	278
Contingent liabilities	Note 21	10	11

PARENT COMPANY CASH FLOW STATEMENT

MSEK	2002	2001
OPERATIONS		
Cash flow from operations during the year		
Sales and other revenues	5,185	6,129
Operating expenses	-4,981	-5,845
Profit to/from subsidiaries	-76	-25
Financial income and expense	-44	1
Cash flow from operations	84	260
Funds tied up in operations		
Change in inventories	9	-358
Change in current receivables	-1	-15
Change in current liabilities	-15	17
Net financing from operations during the year	77	-96
Funds tied up in fixed assets		
Change in tangible assets	-5	-14
Change in financial assets	-40	176
Surplus from business operations	32	66
FINANCING		
External interest-bearing financing		
Current loan financing	18	0
Long-term loan financing	-15	-65
Cash flow after financing	35	1
Liquid funds on January 1	28	27
Liquid funds on December 31	63	28

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Accounting and valuation principles

Proventus AB's Annual Report has been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Board's general recommendations.

Consolidated accounts

The consolidated accounts have been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR 1:00.

The consolidated accounts include the companies over which the Parent Company directly or indirectly has the right to exercise a controlling influence.

The consolidated accounts are prepared in accordance with the purchase method, whereby the shareholders' equity of subsidiaries at the date of acquisition, defined as the difference between the real value of the subsidiaries' assets and liabilities, is eliminated in its entirety. As a result, the consolidated shareholders' equity contains only that portion of the shareholders' equity in subsidiaries that has accrued after the date of acquisition.

If the consolidated acquisition value of the shares exceeds the value of the company's net assets specified in the purchase analysis, the difference is reported as consolidated goodwill. If the consolidated acquisition value of the shares is less than the value of the company's net assets specified in the purchase analysis, the difference has been used to reduce the acquired company's non-monetary assets. If the entire difference has not been eliminated through the reduction of non-monetary assets, the remaining amount is reported as negative consolidated goodwill under Other provisions. The reversal of this provision is based on anticipations regarding the profit trend.

Companies acquired during the year are included in the consolidated accounts in amounts relating to the period after the acquisition. Profits/losses relating to companies sold during the year have been included in the consolidated income statement for the period up to the date of divestment.

Proventus AB applies the current rate method for the translation of the financial statements of foreign subsidiaries into Swedish currency. This means that all assets and liabilities of subsidiaries are translated at year-end exchange rates. Items included in shareholders' equity are translated at the rates applying on the particular dates of acquisition. All income statement items are translated at average rates during the year. Translation differences are transferred directly to consolidated shareholders' equity.

When the Parent Company or another company in the Proventus Group applies a hedging measure to offset and protect against exchange-rate differences related to a net investment in an independent subsidiary, the exchange-rate difference on the hedging instrument is transferred directly to shareholders' equity, to the extent that this matches that portion of the translation difference for the particular subsidiary that was transferred to shareholders' equity during the year.

In the event of different valuations of assets and liabilities at consolidated and subsidiary level, the tax effect is taken into account, which is reported as a deferred tax receivable or deferred tax liability. However, the effect of deferred tax on consolidated positive or negative goodwill is not taken into account.

Intra-Group gains are eliminated in their entirety, without taking minority share into account. The minority share in net profit for the year is reported in the consolidated income statement. The minority share in the shareholders' equity of subsidiaries is reported as a separate item in the consolidated balance sheet.

Accounting for associated companies

Participations in associated companies are reported in accordance with the equity accounting method.

Income taxes

Reported income taxes consist of tax that will be paid or received pertaining to the current year, adjustments of current tax pertaining to prior years, changes in deferred tax and participation in the tax of associated companies.

The valuation of all tax receivables and liabilities is based on nominal amounts and conducted in accordance with the tax regulations and tax rates that have been decided, or that have been announced and which, with a great degree of uncertainty, will be established.

For items reported in the income statement, the related tax effects are also reported in the income statement.

Deferred tax has been calculated on temporary differences between the taxable and book value of assets, liabilities and tax loss carryforwards. The method for reporting deferred taxes is applied for the Group and the Parent Company. Both the Group and the Parent Company have substantial tax loss carryforwards.

Deferred tax receivables pertaining to tax loss carryforwards and other deficits that can be used for tax deductions in future years are reported to the extent that it is probable that the deduction will be offset against profits in connection with future taxation.

Group contributions

Granted and received Group contributions in the Parent Company are presented in accordance with a statement issued by the Swedish Financial Accounting Standards Council's urgent issues group. The statement dictates that group contributions granted and received for the purpose of minimizing Group taxes must be reported, net of tax effects, as a decrease or increase in unrestricted shareholders' equity.

Receivables

Receivables are entered at the amount expected to be paid, after individual assessment.

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies are translated at the year-end exchange rate. If a hedging measure, such as hedging through forward contracts, has been undertaken, the forward rate is used.

Income recognition

Sales of securities are reported as of the date of transaction. Sales of goods are reported on delivery of the products concerned to the customer, in accordance with terms and conditions of sale. Sales in foreign currencies are reported net, after VAT, discounts and exchange-rate differences on the date of sale. Intra-Group sales are eliminated in the consolidated accounts.

Inventories

Inventories are valued at the lower of acquisition value and real value at year-end. Collective valuation is applied for homogeneous groups of products.

Fixed assets

Tangible and intangible assets are depreciated straight line over their estimated economic life, taking any residual value into account, whereby the following depreciation periods are used:

Intangible assets	5-10 years
Office buildings	20-50 years
Industrial buildings	20-50 years
Machinery and other plant	5-10 years
Equipment, tools and installations	5-10 years

Goodwill is amortized straight line based on an estimated period of use of 10 years. Goodwill amortization is reported in the income statement among administration expenses.

Note 2. Definitions**Visible shareholders' equity**

Shareholders' equity including minority interests.

Equity/assets ratio

Visible shareholders' equity in relation to total assets.

Net asset value

Difference between the market value of assets and liabilities.

The market value does not include hidden reserves in wholly owned subsidiaries.

Liabilities do not include loans from shareholders.

Adjusted equity/assets ratio

Net asset value including minority interests in relation to the market value of assets.

Return on shareholders' equity

Net profit after taxes in relation to average shareholders' equity.

Return on capital employed

Profit after net financial items plus financial expense in relation to average capital employed. Capital employed is defined as total assets less interest-free liabilities and deferred tax liabilities.

Note 3 Distribution of net sales and profit by operating sector and geographical market

Net sales by operating sector were distributed as follows:

MSEK	2002	2001
Sales of securities	5,188	5,959
Interest income	38	46
Exchange-rate differences	-47	119
Total securities trading *	5,179	6,124
Nessuah Zannex Ltd	41	66
AB Art and Technology by Proventus	214	230
Other subsidiaries	2	0
Group adjustments	0	0
Total	5,436	6,420

*Securities trading is conducted within Proventus AB.

Net sales by geographic market were distributed as follows:

MSEK		2002	2001
Nordic region	*	5,301	6,249
Rest of Europe		77	89
Israel		41	66
North America		7	8
Other markets		10	8
Group adjustments		0	0
Total		5,436	6,420

* Of which, securities trading accounted for MSEK 5,179 (MSEK 6,124).

Profit after financial items was distributed as follows by operating sector:

MSEK		2002	2001
Proventus, etc.	*	125	380
Nessuah Zannex		-26	-24
AB Art and Technology by Proventus		-69	-25
Group adjustments		-19	-8
Total		11	323

*Of which, securities trading accounted for MSEK 221 (MSEK 308).

Note 4. Average number of employees and wages, salaries, other remuneration and social security costs

2001

	Number of employees			Wages, salaries and other remuneration, MSEK		
	Women	Men	Total	Board of Directors & president	Other employees	Total
Kinna	28	21	49		10	10
Stockholm	28	29	57	3	16	19
Total in Sweden	56	50	106	3	26	29
Finland	29	19	48	1	12	13
Israel	25	34	59	4	37	41
Germany	29	16	45	2	10	12
Total outside Sweden	83	69	152	7	59	66
Total	139	119	258	10	85	95
Pension costs					6	6
Other social security costs				2	11	13
Total				12	102	114

Parent Company personnel, 2001

	Number of employees			Wages, salaries and other remuneration, MSEK		
	Women	Men	Total	Board of Directors & President	Other employees	Total
Stockholm	6	6	12	1	3	4
Total in Sweden	6	6	12	1	3	4
Pension costs					1	1
Other social security costs					1	1
Total				1	5	6

The cost for auditing the Group amounted to MSEK 1.0, of which MSEK 0.2 pertained to assignments other than auditing. Of this amount, MSEK 0.6 and MSEK 0.1, respectively, was attributable to the Parent Company.

2002

	Number of employees			Wages, salaries and other remuneration, MSEK		
	Women	Men	Total	Board of Directors & president.	Other employees	Total
Kinna	25	20	45		10	10
Stockholm	35	27	62	8	22	30
Total in Sweden	60	47	107	8	32	40
Finland	26	19	45	1	10	11
Israel	15	29	44	3	31	34
Germany	22	14	36	2	9	11
Other	1		1		1	1
Total outside Sweden	64	62	126	6	51	57
Total	124	109	233	14	83	97
Pension costs					3	3
Other social security costs				2	16	18
Total				16	102	118

Parent Company personnel, 2002

	Number of employees			Wages, salaries and other remuneration, MSEK		
	Women	Men	Total	Board of Directors & president.	Other employees	Total
Stockholm	8	6	14	1	4	5
Total in Sweden	8	6	14	1	4	5
Pension costs					0	0
Other social security costs				0	2	2
Total				1	6	7

The cost for auditing the Group amounted to MSEK 1.0, of which MSEK 0.2 pertained to assignments other than auditing. Of this amount, MSEK 0.4 and MSEK 0.1, respectively, was attributable to the Parent Company.

Note 5. Taxes

MSEK	Parent Company		Group	
	2002	2001	2002	2001
Current tax				
on profit for the year			-4	-4
share in taxes in Group companies	-21	-7		
Deferred tax				
utilization of tax loss carryforwards	-24	-75	-21	-72
revaluation of deferred tax receivable		93		93
Total	-45	11	-25	17

Reconciliation of income taxes based on tax rate of 28%

Reported profit	56	329	11	323
Tax at rate of 28%	-16	-92	-3	-90
Reduced deferred tax receivable due to retaxation		-93		-93
Tax effect of non-deductible costs	-29	-4	-16	-7
Tax effect of non-taxable revenues		14		31
Tax receivables pertaining to tax loss carryforwards not reported earlier		186	-7	177
Effect of foreign tax rates			1	-1
Total	-45	11	-25	17

Note 6. Intangible fixed assets

MSEK	Rental rights and similar items		Group Goodwill	
	2002	2001	2002	2001
Accumulated acquisition value, Jan. 1	33	10	93	118
Translation difference			-6	
Purchases	11	23	1	
Sales			-6	-25
Accumulated acquisition value, Dec. 31	44	33	82	93
Accumulated depreciation, Jan. 1	-3	-1	-41	-39
Translation difference			3	
Sales			3	6
Depreciation during the year	-2	-2	-11	-8
Accumulated depreciation, Dec. 31	-5	-3	-46	-41
Accumulated write-downs, Jan. 1	0		0	
Write-downs during the year	-2		-9	
Accumulated write-downs, Dec. 31	-2	0	-9	0
Total	37	30	27	52

Note 7. Tangible fixed assets

MSEK	Buildings and land		Machinery and Other plant		Group Equipment, tools and installations	
	2002	2001	2002	2001	2002	2001
Accumulated acquisition value, Jan. 1	269	197	13	110	61	76
Translation difference	-42	19		0	-4	3
Purchases	49	72		2	11	6
Sales	-2	-19		-99	-3	-24
Accumulated acquisition value, Dec. 31	274	269	13	13	65	61
Accumulated depreciation, Jan. 1	-18	-28	-11	-88	-31	-36
Translation difference	2	0		0	2	-2
Sales	1	12		-77	2	15
Depreciation during the year	-2	-2	-1	0	-6	-8
Accumulated depreciation, Dec. 31	-17	-18	-12	-11	-33	-31
Accumulated write-up, Jan. 1	0	21				
Sales		-21				
Accumulated write-up, Dec. 31	0	0				
Total	257	251	1	2	32	30
Tax assessment value, Swedish properties	12	11				
Corresponding book value	26	25				

Note 8. Financial fixed assets

MSEK	Shares in associated companies		Group Other long-term holdings of securities	
	2002	2001	2002	2001
Accumulated acquisition value, Jan. 1	15	21	4	75
Translation difference	-2	0		
Sales		-2		
Participations in associated company results	-1	-4		
Transfers				-71
Accumulated acquisition value, Dec. 31	12	15	4	4

MSEK	Deferred taxes		Group Other long-term receivables	
	2002	2001	2002	2001
Accumulated acquisition value, Jan 1	238	217	41	41
Change during the year	-21	21	-18	0
Accumulated acquisition value, Dec. 31	<u>217</u>	<u>238</u>	<u>23</u>	<u>41</u>

Note 9. Tangible fixed assets

MSEK	Buildings and land		Parent Company Equipment, tools and Installations	
	2002	2001	2002	2001
Accumulated acquisition value, Jan. 1	23	9	19	18
Purchases	2	14	2	1
Sales			-1	
Accumulated acquisition value, Dec. 31	<u>25</u>	<u>23</u>	<u>20</u>	<u>19</u>
Accumulated depreciation, Jan. 1	-5	-4	-5	-4
Sales			1	
Depreciation for the year	-0	-1	-1	-1
Accumulated depreciation, Dec. 31	<u>-5</u>	<u>-5</u>	<u>-5</u>	<u>-5</u>
Total	<u>20</u>	<u>18</u>	<u>15</u>	<u>14</u>
Tax assessment value, Swedish properties	6	5		
Corresponding book value	20	18		

Note 10. Financial fixed assets

MSEK	Shares in subsidiaries		Parent Company Receivables from Group companies	
	2002	2001	2002	2001
Accumulated acquisition value, Jan. 1	322	715	350	246
Purchases	9	1		
Sales		-394		
Net change during the year			25	104
Accumulated acquisition value, Dec. 31	331	322	375	350
Accumulated write-downs, Jan. 1	-109	-330		
Sales		221		
Write-downs during the year	-89	0		
Accumulated write-downs, Dec. 31	-198	-109		
Total	133	213	375	350

MSEK	Other long-term holdings of securities		Deferred tax receivable		Parent Company Other long-term receivables	
	2002	2001	2002	2001	2002	2001
Accumulated acquisition value, Jan. 1	4	75	235	217	13	5
Net change during the year			-24	18	-8	8
Transfers		-71				
Accumulated acquisition value, Dec. 31	4	4	211	235	5	13

Note 11. Participations in subsidiaries

	Company reg. no.	Registered Head Office	Country	Number	Proportion of share capital	Book value
MSEK						
AB Art and Technology by Proventus	556012-1807	Stockholm	Sweden	40,000	100%	15
AB Judiska Teatern i Sweden	556543-4858	Stockholm	Sweden	100	100%	0
Djurgårdsbrunns Wårdshus AB	556495-8626	Stockholm	Sweden	1,000	100%	1
Grafon AB	556065-6497	Stockholm	Sweden	3,810,000	100%	24
Hodius Irland Ltd		Dublin	Ireland	3,852,773	100%	4
Magasin 3 Tel-Aviv Ltd		Tel Aviv	Israel	28,000	100%	0
Malmo S.A.R.L.		Paris	France	1	100%	0
Nessuha Zannex Ltd		Ramat Gan	Israel	8,269,398	73%	57
Proventus Holdings Inc		New York	USA	200	100%	30
Proventus Pagoda Ltd		Tel Aviv	Israel	32,700	100%	0
Stockholms Konsthall, Magasin 3 KB	916615-6738	Stockholm	Sweden	99	99%	2
Triscope Management AB	556553-7437	Stockholm	Sweden	100	100%	0
Voice the Brand Liberation Com, AB	556312-4741	Stockholm	Sweden	10,000	100%	0
Weil Shipping Ltd		Tel Aviv	Israel	1,000	100%	0
Total						133

Note 12. Other long-term holdings of securities

MSEK	Number	Book value
Parent Company's holdings		
Drummond Gate AB, in liquidation	75,000	1
SKT Granit Oy Ab	22,500	3
		<u>4</u>
Subsidiaries' holdings		
Nessuah Zannex, associated company		12
Total		<u><u>16</u></u>

Note 13. Deferred tax receivable

MSEK	Parent Company		Group	
	2002	2001	2002	2001
Properties	1	1	1	1
Other current liabilities	5	5	5	5
Unutilized tax loss carryforwards	205	229	211	232
Total	<u>211</u>	<u>235</u>	<u>217</u>	<u>238</u>

Note 14. Inventories

MSEK	Parent Company		Group	
	2002	2001	2002	2001
Securities	1,902	1,910	2,185	2,275
Raw materials			7	9
Semi-finished goods			3	3
Finished goods	1	1	136	134
Total	<u>1,903</u>	<u>1,911</u>	<u>2,331</u>	<u>2,421</u>

The inventories have been valued at the lower of cost or market. At year-end, the market value of securities was MSEK 92 above the book value.

Note 15. Prepaid expenses and accrued income

MSEK	Parent Company		Group	
	2002	2001	2002	2001
Prepaid rent	1		2	1
Other prepaid expenses	1	1	1	2
Other accrued income	12	1	17	5
Total	<u>14</u>	<u>2</u>	<u>20</u>	<u>8</u>

Note 16. Shareholders' equity	Share capital ¹⁾	Restricted reserves	Unrestricted reserves	Total equity
Change in shareholders' equity, Group				
MSEK				
According to balance sheet Dec 31, 2001	58	22	2,588	2,668
Translation difference			-20	-20
Net loss for the year			-7	-7
According to balance sheet Dec. 31, 2002	58	22	2,561	2,641

Change in shareholders' equity, Parent Company	Share capital ¹⁾	Share premium reserve	Legal reserve	Unrestricted Shareholders' equity	Total equity
MSEK					
According to balance sheet Dec. 31, 2001	58	11	11	2,384	2,464
Group contributions, net after tax				-55	-55
Net profit for the year				11	11
According to balance sheet Dec. 31, 2002	58	11	11	2,340	2,420

1) Proventus AB's share capital amounts to SEK 58,300,000. The number of shares is 5,830. The Company's shares are divided into two series: Series A, totaling 4,820 shares with a par value of SEK 10,000 each and carrying one vote per share; and series B totaling 1,010 preferred shares with a par value of SEK 10,000 each, carrying one tenth of a vote per share.

Note 17. Other provisions

MSEK	2002	Group 2001
Phase-out costs *	20	
Other	39	39
Total	59	39

Pertains to the phase-out of in-house product development within AB Art and Technology and Snowcrash AB.

Note 18. Loans from shareholders

In calculating key ratios, these loans have been included in risk-bearing capital and net asset value. The convertible loan, which carries 6% annual interest, matures on Dec. 31, 2006 and can be converted into 55 series B preferred shares at a conversion price of USD 4,230,000.

Note 19. Overdraft facilities

MSEK	Parent Company		Group	
	2002	2001	2002	2001
Credits granted	50	50	55	55
Unutilized credits	-50	-33	-55	-37
Utilized credits	0	17	0	18

Note 20. Accrued expenses and prepaid income

MSEK	Parent Company		Group	
	2002	2001	2002	2001
Accrued expenses for personnel	1	1	14	10
Accrued audit and consultancy fees	1	1	2	1
Accrued interest expense	2	2	2	2
Supplier invoices not yet received			1	1
Other	4	3	8	8
	<u>8</u>	<u>7</u>	<u>27</u>	<u>22</u>

Note 21. Assets pledged, contingent liabilities

MSEK	Parent Company		Group	
	2002	2001	2002	2001
Assets pledged				
For liabilities to credit institutions				
Property mortgage				4
Floating charges			42	41
Accounts receivable			7	6
Inventories			8	
For other liabilities				
Blocked account	2	2	4	3
For written options				
Inventories	9	276	25	354
	<u>11</u>	<u>278</u>	<u>86</u>	<u>408</u>

MSEK	Parent Company		Group	
	2002	2001	2002	2001
Contingent liabilities				
Sureties	10	10		
Warranties	1	1	1	3
Other contingent liabilities			1	1
	<u>11</u>	<u>11</u>	<u>2</u>	<u>4</u>

Stockholm, April 4, 2003

Robert Weil

Mikael Kamras
President and Chief Executive
Officer

Our audit report was submitted on
April 4, 2003

Ingvar Pramhäll
Authorized Public Accountant

Peter Clemedtson
Authorized Public Accountant