FINANCIAL REPORT 2007

NOVAVISIONS AG

NOVAVISIONS AG
Digital Life Investors

LETTER TO THE SHAREHOLDERS

Dear Shareholders,

Novavisions' looks back on its first financial year as an investment company focussing on Digital Lifestyle. The results are mixed with a positive underlying trend.

Following the approval of the Extraordinary General Meeting of Novavisions AG (formerly NovaStor AG) on 11 December 2006 for an ordinary increase in share capital in order to acquire Dynavisions GmbH and strategic realignment, the work on conversion to a holding company began under the new Management Board. The objective is to develop a small but valuable and actively managed portfolio which is to achieve significant value enhancement within a period of 3-5 years based on the existing equity investments in NovaStor Corp., USA (100%), NovaStor GmbH, Hamburg (100%), NovaStor Software AG, Rotkreuz (100%), Dynavisions GmbH, Stockdorf (46%), Dynavisions Schweiz AG, Rotkreuz (79%), MultiCom Software OY, Finland (40%) and Mount10 PCM GmbH, Rotkreuz (24%). These investments are to be supplemented successively by new and promising ventures.

Portfolio development

The development of equity investments in 2007 varied. The NovaStor companies are particularly pleasing. Several major milestones were achieved under the management of the CEO Stefan Utzinger working without stock exchange pressure. The company achieved two-digit growth in the core area and profit developed at a disproportionately high level. The new customers and the accolades given to the NovaStor products throughout the world in particular are something to be proud of. Try out the solutions for yourself or your company by downloading the software easily and free of charge from www.novastor.de or www.novastor.com.

Since Novavisions does not wish to hold majority interests, all possibilities for the NovaStor companies are being checked out. With this in mind a corresponding agreement was concluded at the end of last year with a reknown corporate finance firm in Frankfurt/Germany.

NovaStor will be a good investment for the Novavisions shareholders. Under consideration of the transactions of larger IT companies and also of private equity and venture capital enterprises in the data storage market, Novavisions anticipates a high profit potential. The valuation of the different NovaStor companies is carried in the 2007 financial statements at values far below those that Novavisions believes to be realistic. The value adjustments made in the previous period which burded the income statement for 2006 with a loss of EUR 2.5 million with no influence on liquidity provide the foundation for the currently very conservative valuation.

The 40% equity investment in MultiCom Software OY also developed well. Growth was in the two-digit range and above market growth and profitability developed at a disproportionately high level. As a result of recurrent business of many years' standing with major companies such as TietoEnator, MultiCom has created a solid foundation for continued positive development. Discussions are conducted periodically with the Finnish management to determine how value creation is to be best facilitated for all stakeholders. As the decision-makers, Novavisions, the MultiCom Management Board and the other shareholders agree on the requisite course of action. This investment can therefore also be assumed to have value enhancement potential.

The development at Dynavisions GmbH is less positive. The company suffered a blow from the failure of the major contract with 1&1. Novavisions renegotiated the definitive foundations for a takeover with the owner in mid year. Novavisions' main aim was not to take over a majority, thereby systematically implementing the strategy and minimising risks. Novavisions now holds 46% in the company.

The Management Board of Novavisions has decided for reasons of precaution to make an adjustment of EUR 2.1 million as at year-end for the purchase price as well as a major part of the loans which were extended to Dynavisions GmbH.

The results of Dynavisions Schweiz AG differ. The company is carried in the 2007 annual financial statements as a 79% equity investment and represents the foundation for further activities in the IP TV sector. The development was thrown back several times due to technical difficulties encountered by the partners. Above all a large and reknown co-investor could not be found to help carry the ambitious plans. Since Novavisions is unable to bear the risks and provide funding alone certain activities had to be retracted. Novavisions continues to be convinced of the potential. If other investors can be found for Dynavisions then a fast and massive ramp-up continues to be possible because the market is starting to develop. Corresponding negotiations are underway, the outcome of which will be announced in due course.

We would like to point out that due to the majority investment as of 31.12.2007 Dynavisions Schweiz AG in fully consolidated in the 2007 annual financial statements.

Outlook

Only once all majority investments have been sold and operative results of companies do not need to be consolidated can the annual financial statements of Novavisions AG be appreciated without any great necessity for clarification.

Novavisions is convinced that in 2008 it will be able to show a net asset value (NAV). The achievements of the investment company and the portfolio potential will then also become clear. We would like to ask the shareholders to follow a calculation that corresponds to the company's thinking. Even if a deduction of 10-30% on the NAV is observed in almost all equity investments, the current stock market value of the company would appear to be far too low. A share price of EUR 0.3 corresponds to a market capitalisation of EUR 7.2 million. The management is convinced that the NovaStor companies alone have a significantly higher value.

We trust you will understand that large short-term fluctuations are possible in the profit and loss due to the company's business and that the medium and long-term value of the equity investments is solely decisive in determining sustainable value. However, if the valuation gap cannot be reduced to an acceptable degree within an appropriate space of time, the Management Board will take adjustment measures, ranging from repayment of nominal value via share repurchases through to payment of portfolio shares to the shareholders.

Words of thanks

We would like to express our thanks for the confidence placed in us. At this point our thanks go to the employees of the different portfolio companies for their great commitment and their professionalism. We will systematically pursue our new strategy as holding company in order to deliver long-term success to the benefit of our customers, employees and shareholders.

Sincerely yours,

Adrian Knapp
CEO and Chairman

NOVAVISIONS AG
Digital Life Investors

The Company

Novavisions AG is a technology holding company specialising in equity investments in the future market of “Digital Life Style”. In addition to the overall idea and the sustainable potential of the technology, the decision to invest will depend primarily on the management and the people involved. Novavisions takes an active role in the investment process and attributes great importance to the use of synergy effects, be this through the exchange of experience, cross selling, technology transfer or the optimisation of sales channels between the companies in the portfolio.

Novavisions AG, Overview

Thousand EUR

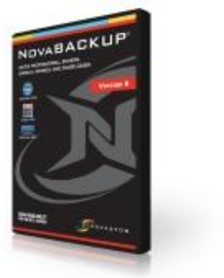
	01.-12.07	01.-12.06
	EUR	EUR
Operating income	278	286
Operating expenses	-2'947	-1'119
EBTDA	-2'669	-833
Depreciation	-22	-25
Loss from deconsolidation	-	-89
Operating result (EBT)	-2'690	-947
Profit/Loss from continued operations	-2'690	-948
Profit/Loss from discontinued operations	404	-2'172
Profit/Loss for Period	**-2'286**	**-3'120**
Earnings per GDR, diluted	-0.07	-0.16
GDRs, diluted		
- average in circulation	33'334'110	19'478'949
-in circulation as per spot date	24'077'470	20'709'560
	31.12.07	**31.12.06**
Equity capital	5'012	6'121
Equity ratio	***57.6%***	***63.7%***
Balance sheet total	8'698	9'610

THE INVESTMENTS

NOVASTOR

NovaStor Software (100% investment) is headquartered in Switzerland but it also owns offices/operations in the United States and in Germany. NovaStor is a leading provider of award winning software solutions for data availability and protection. NovaStor's products, which comprises online/offline data protection, data recovery and the long-term, legally-compliant storage meet the requirements of different end-users starting from individuals over small and medium-sized business users to large enterprises.

Core Solutions to Meet the SMB and Small Users' Requirements



NovaBACKUP

NovaBACKUP for smaller businesses and end users enables the user to restore data after a complete system breakdown or on other emergencies. Employing a safe, user-friendly process, the software offers automatic, reliable and cheap protection for all critical sets of data. In a forthcoming issue of Consumers Digest (April 2008), NovaBACKUP 8 is named Best Buy for Backup Software for Windows PCs. The article mentions that NovaBACKUP 8 is easier to use than similarly priced products, with a wide range of supported backup devices.

NovaNet-WEB

NovaNET-WEB is an online backup solution for all businesses. Bigger service providers offer you with NovaNet-WEB a backup service that generates recurring revenues. Via the Internet, the software backs up the business's critical data that is stored on mobile and internal and external Microsoft Windows workplaces. Centrally managed user profiles and policies control the data backup. NovaNet-WEB's software architecture allows all the staff to backup and restore at any time in any place: "ATAP Backup & Restore".

Primarily aimed at small and medium-sized companies as well as individual users, NovaStor is leveraging its success in this field (more than one million registered users and over ten years of experience in the SaaS domain), by fuelling the proliferation of online backup services, helping Service Providers (xSPs) and other resellers providing efficient solutions to their consumers and small businesses. Due to its most advanced online backup software, the Company achieved the reputation of a leading industry player and received a high-ranking position in the Top25 and Top10 lists by OnlineBackupReviews and BackupReviews.

Core Enterprise Solutions

HiFreezer™ HiBack ixT®

HiFreezer

HiFreezer™ is storage software for selectively archiving electronic business data over a period of several years in accordance with statutory regulations. The system functions in accordance with the rules on data access and the auditing of digital documents that are laid down by the German Ministry of Finance, and meets the requirements laid down in the Sarbanes-Oxley Act (SOX), which states that data backup, documentation, auditing and restoration must be guaranteed at all times. HiFreezer™ provides businesses with cheap, efficient technology for meeting legal requirements, as well as self-defined processes for storing data.

HiBack

HiBack ixT is a backup and restoration software that meets highest demands. The product is based on a modular architecture that guarantees no platform or hardware dependence, high speed, unlimited scalability, and constant availability. With active clients and passive servers, the software achieves far better performance than other products when it comes to data backup and data restoration.

References

Awards and Certifications

EDITOR'S CHOICE Windows

NOVABACKUP
September 2006

"Look no further than NovaBACKUP"

"makes both backing up and restoring your files an absolute breeze."

"Comprehensive protection for personal data files combined with solid disaster recovery tools make this a winner."

PC WORLD Best BUY

NOVABACKUP
August 2006

"Top Pick"

"Best Buy"

"Superior Ease-of-use"

"the perfect blend of old-school sophistication and wizard-based simplicity"

IT Week Editor's Choice Award 2008

Editor's Review VERY GOOD SOFTPEDIA

TOP 25

Service Provider WEEKLY Top Fifty Vendor of 2007

PC MAGAZINE

PC WELT SOFTWARE Gesamtnote 1,7 (gut) NovaBACKUP 8.0

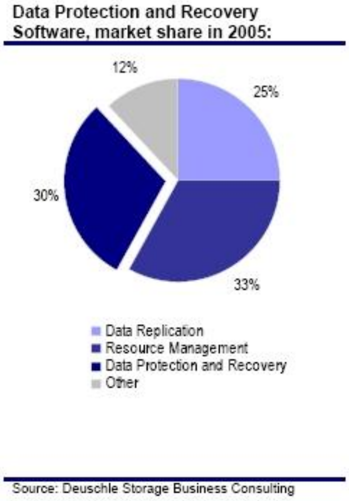
PC Professionell Budget-Tipp

"arvato Online Backup® is easy to use and allows an individual job schedule. A key change of all files is possible at any time. The competitive price of 145 euros for 50 GByte cannot be beaten by any of its rivals. Furthermore the user receives round-the-clock support." (PC Professionell)

PC Professionell, Ausgabe 4 / 2007

Microsoft GOLD CERTIFIED Partner

Market



The global storage software market is a rapidly evolving and growing segment of the overall storage industry. According to IDC, the total size of the storage software market in 2006 was approx. USD 9.8 billion and is forecasted to grow at approx. 10-11% CAGR in 2007-2011. Driven by growth in all functional markets, the overall market continues to see a very strong performance in the archiving, data protection and recovery markets. The primary function of these solutions is to take data stored on diskdevices and copy that to alternative devices (tape, disk, or optical), providing security and business continuance to storage infrastructures.

Although the data-protection and recovery software market is a relatively mature market space in the overall storage software industry, it continues making opportunities. The **fundamental driving forces** for the growth of the data protection/recovery and storage management software industry are:

- The rapid growth of data
- The need to protect/manage the data and the ability to restore data immediately after a significant data loss
- Compliance regulations and governance

Increasing demand for information protection, recovery, and retrieval, the greater prevalence of remote working, and the need for compliance to regulations will continue to drive the storage software market. Indeed, IDC predicts user spending on data protection (backup, replication, VTL and CDP) to grow at approx. CAGR 10% through to 2010. The chart below provides an overview of user spending by application in 2006-2010:

From a customer-demand perspective, the fundamental forces driving the growth of the data storage market remain strong. Companies continue to create and accumulate massive amounts of data that require storage capacity as well as access and management.

MultiCom
SOFTWARE

MultiCom Software Oy (40% equity investment) improves and integrates software technologies (from NovaStor amongst others) for important Finnish companies such as TietoEnator and Cap Gemini. The company is based in Lappeenranta in Eastern Finland, near St. Petersburg and constitutes an important hub in the innovative Finnish mobile market, which continues to set global trends. In 2007 MultiCom Software Oy achieved a double digit revenue growth and the profit rose superproportionally. MultiCom Software Oy has been profitable for years. MultiCom can be reached at www.multicom.fi.

Referenzen

Capgemini
CONSULTING.TECHNOLOGY.OUTSOURCING

DataInfo

sonera

TietoEnator

UPM

Crescom

dynavisions
High Definition · Sehen erleben

Dynavisions Schweiz AG (79.1% equity investment) is an innovative entertainment service company with headquarters in Switzerland (Rotkreuz) and a branch in Germany (Munich). The company will be offering the new film service ‘dynaTV’ via which users, unlike other mainstream VoD portals, can also access interesting niche content. This refers in particular to film content from the areas of independents, film academies, festivals, sport, further education, selected ethnic groups and specially prepared genre (Asian providers, horror, science fiction etc.) as well as successful series, erotic and business content. The content may be viewed via an existing DSL agreement with any provider. In order to facilitate this, Dynavisions aggregates film content, develops a corresponding service and supplements the service package to include an easy to operate, internally developed and produced MediaExtender, the SOLO HD 200. Thanks to the combination of own hardware (play device), content aggregated especially for the portal and a provider-independent playout structure, the consumer is able to enjoy top class entertainment and information also in HD quality at home or in the office on an HD TV set irrespective of the internet service provider whenever he so wishes. Novavisions AG holds 79.1% of the total 6 million shares issued by the company, management holds 6% and 14.9% are scattered with a variety of shareholders (public float). The shares are traded over the counter on the Frankfurt stock exchange under WKN A0MVBY or ISIN CH0032140961. Jürgen Stehle (CEO) and Ulrich Strauß (CTO) manage the company. Dynavisions can be viewed at www.dynavisions.com.

Content is King! Despite the increasing number of TV stations the general satisfaction of TV viewers with regard to the programmes offered by the traditional TV stations is declining. Primarily beyond the mainstream offer, there is a demand for high quality TV entertainment alternatives. In view of the unimaginative broadcasting of repetitive, allegedly successful productions such as daily soaps, quiz games, pop idol copies & Co. there is no room left in the most interesting broadcasting time. Ethnic minorities or specialised fields can also only be viewed with restrictions via satelite at best. The viewers are justifiably discriminating and are no longer willing to accept an unimaginative programme range that is no longer is attuned to their own interests and viewing habits. The desire to have choice at any time is doubtlessly present and greater than ever. The service provided by dynaTV caters to these needs, moving customer interests to the fore and returning freedom of choice to the user.

Customer benefit! The opportunity to view the desired film, show or programme free of charge or at favourable prices online: dynaTV does not only facilitate procurement from its own dynaTV source but also a selection of content beyond the dynaTV range. The MediaExtender SOLO HD 200 is a full MediaExtender which, in addition to using IPTV streams, can also be used as a central display device for all media sources connected at home (external fixed disks, Microsoft HomeServer, Notebooks and PCs, Memory-Sticks). The device is also suitable to play music that has been archived in digital form (mp3-Format).

Dynavisions dynaTV solution. dynaTV provides rich content that is initially aimed at German then the German speaking and later the European market. This includes niche productions and also films from the large international studios (Majors) as well as the pertinent German film industry. Unlike the VoD portals in operation up to now, dynaTV also offers independent productions, experimental film makers, advertising films and film academies an opportunity to broadcast.

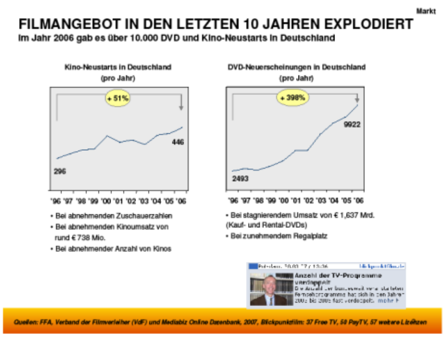
Dynavisions MediaExtender

Intuitive user navigation

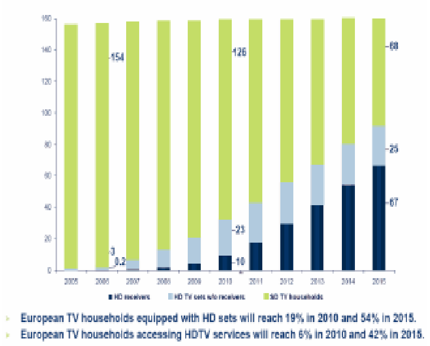
How do I get started? dynaTV can be received by every consumer with a DSL connection and an HD Ready television. The SOLO HD 200 receiver unit is the only item that needs to be purchased either from the retail trade or directly from Dynavisions. The device is very simple to use and very well designed. In future the SOLO HD 200 can also be used to view own videos and photos on the HD TV set in living rooms.

Market

Experts compare the revolution in viewing behaviour with the revolution in listening behaviour and purchasing behaviour of customers in the music industry before the introduction of the mp3-format and the digital distribution of song titles. New technologies and in particular IP-TV offer completely new opportunities for large and small providers alike. The film industry is getting ready for a situation in which the offered content can be selected title for title so as to provide a viewing experience with every desired title at the time the user wishes to view. Along with the altered user behaviour, image providers are currently altering their royalty principles and adjusting them to this behaviour. The Video-on-Demand procurement therefore no longer appears late in the royalties chain but directly after the cinema and therefore simultaneously with DVD distribution for hire.



According to a current study, global sales with Video-on-Demand (VoD) will have exceeded the ten billion dollar threshold by 2012 as determined by a new study of the British market research institute Informa Telecoms & Media. According the study, whilst the global VoD sales amounted to 4.8 billion dollars last year, half of which was generated in the USA, by 2012 909 million households are to have access to VoD or Near VoD offers. This would correspond to 78 per cent of all TV households throughout the world. According to the analysts, North America and Europe will have a combined share of approx. 83 per cent for the lion's share of the VoD sales, whereby North America will achieve a share in sales of just under 50 percent.



NOVAVISIONS AG
Digital Life Investors

dynavisions
THE HIGH DEFINITION COMPANY

Dynavisions GmbH (46% equity investment) produces set top boxes for the latest generation of digital television receivers in connection with internet access and telephony and therefore operates in the growth market of home entertainment.

Based on close cooperation now spanning 2 years with the chip producer Micronas, Dynavisions has developed an IPTV streaming set top box based on the Windows CE operating system that has been designed to transmit VoD services and IPTV streams via the internet on home televisions. The flexible software architecture also offers all features characterising a modern device.The device has been conceived for internet/content service providers.

This set top box was the basis of the agreement with 1&1 which did not come about.

MANAGEMENT, BOARD OF DIRECTORS

As per 31 December 2006, the Management and the Board of Directors at NovavisionsGroup comprised the following persons:

Board of Directors

Adrian Knapp, Chairman has a Master's in Business Economics. After a commercial education and employment outside of the IT industry, including an extended period abroad, he began his career in IT in 1987. In 1991 he was co-founder of Dicom AG, an International IT company which went public on AIM London in 1995. In 1994 he joined COPE AG, a Swiss based IT firm he co-founded. Cope went public on Nasdaq in 1998 and merged with Mount10 in 2001. Mount10 went public on Neuer Markt, Frankfurt in 2000. Mount10 bought the American NovaStor in 2005. In 2006 he was the main initiator of Novavisions AG, an Investment Company that invests in technology companies with focus in the Digital Life market.

Prof. Dr. Gerold Riempp, Member of the Board of Directors holds the Chair for Business Information Systems 2 at the European Business School, International University Schloss Reichartshausen in Oestrich-Winkel, Germany, and has over 15 years of consulting experience, including with Horváth & Partners, Information Management Group and PricewaterhouseCoopers. From 2000 to 2002 he headed the 'Customer Knowledge Management' centre of excellence within the Institute for Business Information Systems at the University of St. Gallen, where he also qualified as a professor. Previously he was Senior Manager and overall project leader for Knowledge Management at PricewaterhouseCoopers in Germany. After studying Business Information Systems at the Technical University in Darmstadt he completed a PhD. in Business Information Systems at the Groupware Competence Center of the University of Paderborn.

Markus Bernhard, Member of the Board of Directors graduated from the University of St. Gallen (HSG) as a licensed Business Economist HSG. He worked for Revisuisse Pricewaterhouse between 1991 and 1997. During this period, he became a Certified Public Accountant. in September 1997 he became Chief Financial Officer of COPE, Inc. and held the same position at Mount10 and NovaStor and was the main driver in the IPO processes of COPE (Nasdaq 1998) and Mount10 (Neuer Markt Frankfurt, 2001). He served as CFO for Novavisions till March 2007. In April 2007 he became CFO of mobilezone holding ag, the leading Swiss based independent mobile phone provider.

Peter Urs Naef, Member of the Board of Directors is the owner and partner of Naef Partners AG in Zurich, Switzerland. He is also a member of the board of directors of Engelberg Titlis Tourismus AG in Engelberg, Switzerland, of The Guide Company in Zürich, Switzerland, of Swiss Equity Medien AG in Bern, Switzerland and a member of the Advisory Board of the Swiss Economic Forum. Peter Urs Naef joined the Board of Directors of today's Novavisions AG in 2002.

Jürgen Stehle, Deutscher, Member of the Board of Directors trained as a bank clerk and completed a law. In 2002 Jürgen Stehle set up his own company, which became Dynavisions in 2004. Mr. Stehle will not seek re-election on the Shareholders' Meeting on May 5.

Management

Adrian Knapp, Chief Executive Officer

NOVAVISIONS SHARES

The share price of Novavisions has developed as follows:

Highest price (Xetra) 13.04.07: EUR 0.68
Lowest price (Xetra) 27.03.08: EUR 0.26

Prime Standard (12 Monate)

Shareholders and interested readers who have not yet subscribed to our Investor Relations mailing list can register on our homepage at http://www.novavisions.com/content/anmeldung_e.asp?seiid=37 or directly via e-mail to investorrelation@novavisions.com.

NOVAVISIONS AG
Digital Life Investors

COMMENTS ON THE 2007 FINANCIAL YEAR

Presentation of the financial report and comparability of figures
The presentation of the financial report has been altered owing to the alignment of the company as an investment company and the intention to hold only minority investments. All assets, liabilities and activities of the majority investments held for sale are presented in this financial report as “no longer continued activities”.
The profit or loss of the minority investments is carried net in the continued activities either as net gains or as net losses from non-current assets.
The net gains are assigned to the operating revenue and the net losses to the operating expenses accordingly.

Operating revenue
The operating revenue in the 2007 financial year is EUR 278,000 (2006: EUR 286,000). It is composed of EUR 236,000 in other revenue (2006: EUR 212,000) and interest income of EUR 42,000 (2006: EUR 16,000). No net gains from non-current assets resulted in the 2007 financial year (2006: EUR 58,000).

Operating expenses
Operating expenses in the 2007 financial year amount to EUR 2.9 million (2006: EUR 1.1 million). The increase is attributable to the net losses from assets in 2007 of EUR 1.6 million (2006: EUR 0). These losses arose from value adjustments with respect to Dynavisions GmbH of EUR 2.0 million and the proportionate loss of this company of EUR 92,000. This is contrasted by gains from the disposal of shares in equity investments of EUR 456,000 and proportionate gains from other associated companies of EUR 62,000.

Interest expenses in the 2007 financial year amount to EUR 145,000 (2006: EUR 181,000). The decrease is attributable to the part repayment of the convertible bond of EUR 400,000.
Administrative expenses in 2007 amount to EUR 1.2 million (2006: EUR 933,000) and were burdened by a net increase in provisions of EUR 367,000 in connection with an out-of-court agreement.

Profit / loss for the year
A loss of EUR -2.3 million (2006: EUR -3.1 million) was recorded for 2007. The loss for continued activities amounts to EUR -2.7 million (2006: EUR -0.9 million) in the 2007 financial year. The activities held for sale produced a result of EUR 0.4 million in 2007. The loss of the no longer continued activities in 2006 of EUR -2.2 million resulted from amortisation of good will of EUR 2.5 million.

Outside capital on which interest is payable
The outside capital on which interest is payable amounts to EUR 0.7 million as of 31 December 2007 (31.12.2006: EUR 1.1 million).

FINANCIAL YEAR 2007

NOVAVISIONS AG
Digital Life Investors

CONSOLIDATED BALANCE SHEET (IFRS)

		31.12.07	31.12.06
ASSETS		**EUR**	**EUR**
Long-term assets			
Tangible fixed assets	E 4	40'338	171'752
Intangible assets	E 4	0	1'655'878
Investements	E 4, E 5	722'078	5'245'090
Other long-term assets	E 6	0	74'650
Deferred taxes	E 7	0	2'636
Logng-term assets from continued operations		**762'416**	**7'150'006**
Short-term assets			
Short-term loans	E 3	1	300'000
Accruals and other short-term assets	E 2	118'739	311'930
Inventories		0	49'572
Intercompany accounts receivable	E 1	0	43'577
Accounts receivable from sales & services	E 1	0	281'204
Liquid resources		60'322	1'473'487
Short-term assets from continued operations		**179'062**	**2'459'770**
Assets from continued operations		**941'478**	**9'609'776**
Assets from discontinued operations		**7'756'288**	**0**
Assets, total		**8'697'766**	**9'609'776**

The notes in „consolidated appendix“ are part of the consolidated financial statement.

CONSOLIDATED BALANCE SHEET (IFRS)

		31.12.07	31.12.06
EQUITY & LIABILITIES		**EUR**	**EUR**
Equity capital			
Subscribed capital	E 17	5'472'299	4'763'436
Capital reserve		7'278'324	6'709'492
Own shares		-41'650	0
Cumulative exchange rate difference		-104'633	33'555
Retained earnings		-7'613'724	-5'385'318
Equity attributable to shareholders of Novavisions AG		**4'990'616**	**6'121'165**
Minority interest		20'935	0
Equity capital, total		**5'011'551**	**6'121'165**
Long-term liabilities			
Convertible bonds	E 11 / E 15	698'537	1'137'212
Long-term liability reserves	E 12	344'071	674'337
Long-term liabilities from continued operations		**1'042'608**	**1'811'549**
Short-term liabilities			
Accounts payable from sales & services		14'538	189'577
Short-term reserves	E 8	214'774	0
Deferred revenues		0	892'196
Income tax payable		0	7'789
Other accounts payable	E 9	10'241	362'955
Deferred income	E 10	108'397	224'545
Short-term liabilities from continued operations		**347'950**	**1'677'062**
Liabilities from continued operations		**1'390'558**	**3'488'611**
Liabilities from discontinued operations		**2'295'657**	**0**
Liabilities, total		**3'686'215**	**3'488'611**
Equity and liabilities, total		**8'697'766**	**9'609'776**

The notes in „consolidated appendix“ are part of the consolidated financial statement.

NOVAVISIONS AG
Digital Life Investors

CONSOLIDATED INCOME STATEMENT (IFRS)

		01.-12.07	01.-12.06
		EUR	EUR
Net gains on investments	F 1	0	57'505
Interest income	F 1	41'949	16'448
Other income	F 1	236'401	212'157
Operating income	F 1	**278'350**	**286'110**
Net loss on investments	F 2	-1'617'876	0
Interest expense	F 2	-144'731	-181'310
Net foreign exchange losses		-27'026	-4'591
General and administrative expenses	F 2	-1'157'466	-933'402
Operating expenses	F 2	**-2'947'099**	**-1'119'303**
Earnings before taxes and depreciation		**-2'668'749**	**-833'193**
Depreciation		-21'614	-24'806
Profit/Loss from deconsolidation	F 3	0	-89'454
Earnings before taxes		**-2'690'363**	**-947'453**
Income taxes	F 4	0	-1'001
Profit/Loss from continued operations		**-2'690'363**	**-948'454**
Profit/Loss from discontinued operations		**404'477**	**-2'171'765**
Total profit/loss for the period		**-2'285'886**	**-3'120'219**
of which attributable:			
to shareholders		-2'253'966	-3'120'219
to holders of minority interests		-31'920	0
Earnings per GDR	F 5		
undiluted			
continued operations		-0.08	-0.16
discontinued operations		0.01	-0.11
verwässert			
continued operations		-0.08	-0.05
discontinued operations		0.01	-0.11
Average of GDR's in circulation:			
undiluted		33'334'110	19'478'949
diluted		33'334'110	19'478'949

The notes in „consolidated appendix“ are part of the consolidated financial statement.

NOVAVISIONS AG
Digital Life Investors

CONSOLIDATED CASH FLOW STATEMENT (IFRS)

	01.-12.07	01.-12.06
	EUR	EUR
Earnings attributable to shareholders	-2'285'886	-3'120'219
Depreciation of fixed assets and amortisation of intangible assets	222'254	297'266
Adjustment on investements	2'085'936	2'483'377
Financial revenue	84'301	-32'296
Tax revenue	1'462	-11'215
Gain on sale of investments	-504'729	-57'505
Profit/Loss from deconsolidation	0	89'454
Change in accounts receivable from sales and services	-591'265	1'850'894
Change in inventory	72'169	81'320
Change in current assets	-28'694	-589'368
Change in accounts payable for goods and services	-90'774	-1'031'426
Change in other short-term borrowings	842'545	-1'384'522
Changes in provisions	-115'492	0
Taxes paid	-1'462	-5'881
CASH FLOW FROM OPERATING ACTIVITIES	**-309'635**	**-1'430'121**
Investment in fixed and intangible assets	-195'678	-451'265
Purchase of investments	-182'470	0
Proceeds of investments	488'639	76'234
Granting/Repayment of loans	-103'043	-292'377
Deconsolidation funds outflow	0	-675'847
Interest received	28'620	47'068
CASH FLOW FROM INVESTMENT ACTIVITIES	**36'068**	**-1'296'187**
Net revenue from capital contribution	-36'712	586'832
Repayment of convertible bonds / lonas	-400'000	-170'000
Interests paid	-152'355	-84'988
CASH FLOW FROM FINANCING ACTIVITIES	**-589'067**	**331'844**
Foreign exchange differences	-11'601	-96'471
NET CHANGE IN CASH AND CASH EQUIVALENTS	**-874'235**	**-2'490'935**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**1'473'487**	**3'964'422**
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**599'252**	**1'473'487**
CASH AND CASH EQUIVALENTS FROM CONTINUED OPERATIONS		
NET CHANGE IN CASH AND CASH EQUIVALENTS	**-670'994**	**-1'997'497**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**731'316**	**2'728'813**
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**60'322**	**731'316**
CASH AND CASH EQUIVELENTS FROM DISCONTINUED OPERATIONS		
NET CHANGE IN CASH AND CASH EQUIVALENTS	**-203'241**	**-493'438**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**742'171**	**1'235'609**
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**538'930**	**742'171**

The notes in „consolidated appendix“ are part of the consolidated financial statement.

CONSOLIDATED EQUITY STATEMENT (IFRS)

EUR	Subscribed capital	Capital reserves	Own shares	Net profit	Cumulative exchange rate difference	Minority stake of equity capital	TOTAL
Balance 31.12.05	**4'478'155**	**6'416'811**	**0**	**-2'265'099**	**261'954**	**0**	**8'891'821**
Exchange rate difference	0	0	0	0	-228'399	0	-228'399
Stock option plans	0	8'081	0	0	0	0	8'081
Net costs directly recognised in equity	0	8'081	0	0	-228'399	0	-220'318
Result for period	0	0	0	-3'120'219	0	0	-3'120'219
Total net income	0	8'081	0	-3'120'219	-228'399	0	-3'340'537
Increase in capital	285'281	361'043	0	0	0	0	646'324
Cost of increase in capital	0	-76'443	0	0	0	0	-76'443
Balance 31.12.06	**4'763'436**	**6'709'492**	**0**	**-5'385'318**	**33'555**	**0**	**6'121'165**
Exchange rate difference	0	0	0	0	-138'188	0	-138'188
Net costs directs recognised in equity	0	0	0	0	-138'188	0	-138'188
Result for period	0	0	0	-2'253'966	0	-31'920	-2'285'886
Total net income			0	-2'253'966	-138'188	-31'920	-2'424'074
Increase in capital	708'863	605'544	0	0	0	0	1'314'407
Cost of increase in capital	0	-36'712	0	0	0	0	-36'712
Purchase of own shares	0	0	-41'650	0	0	0	-41'650
Change in minority interests	0	0	0	25'560	0	52'855	78'415
Balance 31.12.07	**5'472'299**	**7'278'324**	**-41'650**	**-7'613'724**	**-104'633**	**20'935**	**5'011'551**

As a result of a capital increase in February 2007 and a capital decrease in September 2007, equity was increased in net terms by EUR 1,277,695. The net capital increase was made by contribution in kind of Dynavisions GmbH. The share capital as of 31 December 2007 is CHF 8,427,114.50 and is divided into 2,407,747 bearer shares of CHF 3.50 each which is converted at historical cost.

Equity was increased by net EUR 569,881 due to a capital increase in December 2006.

Further information on group capital is contained in the notes under Position E 17.

SEGMENT REPORTING

From a revenue and volume perspective Novavisions' operations consist of one segment. For the segment reporting the discontinued operations can best be presented from a geographical perspective.

The share of revenues of these segments in the first 9 months was as follows:

	Year 2007	**Year 2006**
Europa	40%	50%
USA	60%	50%

As these segments are fully attributable to the discontinued operations we refer to the appropriate comments in the Notes under G2.

Consolidated Appendix

A Corporate Data

General

The headquarters of Novavisions AG (Novavisions for short) is located at Grundstrasse 12 in Rotkreuz/Kanton Zug (Switzerland). The company was established on entry into the commercial register on 16 December 1999.

Presentation of the financial report

By virtue of the Management Board decision to align Novavisions AG as an investment company, the company intends in future to hold only minority interests. This is why the existent majority equity investments and their activities have been consolidated in this report but only presented in summary as “activities no longer continued”.

The reporting date is 31 December and the accounting period starts on 1 January and ends on 31 December.

This financial report was approved by the Management Board on 14 April 2008.

B Accounting Rules

The consolidated financial statement of Novavisions is based on uniform accounting principles and standards of valuation. The consolidated financial statement is created and published in accordance with the International Financial Reporting Standards (IFRS).

No use has been made of the option to apply standards ahead of schedule.

Preparing consolidated group statements in compliance with IFRS calls for estimates, in addition to which using accounting policies that apply throughout the entity require valuations to be made by the management. Areas with greater scope for assessment or of great complexity, or areas where assumptions or estimates are of decisive significance for the consolidate group statement (further explanations are given in D 23).

C CONSOLIDATION PRINCIPLES

1. Consolidated group

The consolidated group includes the following companies:

Name / Headquarters	*Country*	*Share*	*Capital Stock*		*Consolidation method*
Novavisions AG, Rotkreuz	Switzerland	100%	CHF	8'427'115	Full consolidation
NovaStor Corporation, Simi Valley (CA)	USA	100%	USD	0	Full consolidation 1)
NovaStor Software AG, Rotkreuz	Switzerland	100%	CHF	100'000	Full consolidation 1)
NovaStor GmbH, Hamburg	Germany	100%	EUR	25'565	Full consolidation 1)
Dynavisions Schweiz AG, Rotkreuz	Switzerland	79%	CHF	600'000	Full consolidation 1)
Dynavisions GmbH, Stockdorf	Germany	46%	EUR	28'000	Equity Method
Multicom Software Oy, Lappeenranta	Finland	40%	EUR	166'912	Equity Method
Mount10 PCM GmbH, Rotkreuz	Switzerland	24%	CHF	55'000	Equity Method

1) Majority investments for sale are attributable to discontinued operations.

In the comparable figures for the previous year the group of consolidated companies also contains the following companies:

Mount10 GmbH, Dresden	Germany	100%	EUR	25'000	Full consolidation 2)
Mount10 Software Inc., El Segundo (CA)	USA	100%	USD	1'000	Full consolidation 3)
BC Business Computers AG, Aesch	Switzerland	49%	CHF	500'000	Equity Method 4)

2) In 2006 the company's businesses are consolidated in the income statement up to March 31, 2006. Balance sheet items were deconsolidated on April 1, 2006 as the company was sold in May 2006.

3) In 2006 the company's businesses are consolidated in the income statement up to March 31, 2006. Balance sheet items were deconsolidated on April 1, 2006 as the company was liquidated in May 2006.

4) The 49% stake in BC Business Computers AG was sold in December 2006.

2. Reporting date

All consolidated companies close their annual financial statements on 31 December.

3. Consolidation method

The consolidated financial statements are prepared on the basis of the uniform financial statements of the individual group companies.

Acquisitions of subsidiaries are accounted for using the purchase method. The acquisition costs correspond to the fair value of the assets given, the equity instruments issued and the liabilities incurred or assumed at the time of the transaction, plus direct costs attributable to the acquisition. In the course of a business combination the identifiable assets, liabilities and contingent liabilities are recognised for the initial consolidation at fair value at the acquisition date, independently of the amount of minority interests.

The excess of the acquisition costs over the group share of the fair value of the net assets is recognised as goodwill. If the acquisition costs are lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit and loss. Goodwill with an unlimited useful life is not amortized, but tested annually for impairment.

Minority stakes are generally carried at market value, if they have not been accounted for historically as associates.

Equity investments in associates are consolidated under the equity method. Associates are companies over which NovaStor has significant influence and which are not subsidiaries. Significant influence is the power to participate in the financial and operating policy decisions of the investee company but is not control or joint control over those policies (generally 20-50% of voting rights). Under the equity method, the investment in an associate is initially recognised at cost. Thereafter the carrying amount is increased or decreased to recognise Novavisions' share of the profit or loss of the associate.

Differences from currency translations on the group reporting date are recognised as currency differences directly in equity. Intra-group revenues, expenses and income as well as all receivables and liabilities between consolidated companies are eliminated. Any interim gains in non-current assets are eliminated.

D ACCOUNTING PRINCIPLES

1. Change in the accounting policies

1.1 General

The asset and liability items are measured under consideration of the provisions of IFRS. Any striking changes in the accounting policies applied are explained respectively.

The accounting policies used comply with those of the previous year with the exception of the application of the following amended standards and new interpretations.

IFRS 7	Financial instruments: disclosures
IAS 1	Presentation of financial statements – amendments – equity disclosures
IFRIC 7	Applying the restatement approach under IAS 29 Financial reporting in hyperinflationary economies
IFRIC 8	Scope of IFRS 2
IFRIC 9	Reassessment of embedded derivatives
IFRIC 10	Interim reporting and impairment

Insofar as these are applicable to Novavisions, they have no effect on the annual financial statements but do lead to additional disclosures.

The IASB has adopted new standards and interpretations and amendments to existing standards. However, these come into force later. Specifically, these are the following standards:

IAS 1 revised	Presentation of financial statements – amendments – equity disclosures
IAS 23 revised	Borrowing costs
IAS 27 revised	Consolidated financial statements and accounting for investments in subsidiaries under IFRS
IFRS 2 revised	Share-based payments
IFRS 3	Business combinations
IFRS 8	Operating segments
IFRIC 11	Group and treasury share transactions under IFRS 2
IFRIC 12	Service concession arrangements
IFRIC 13	Customer loyalty programmes
IFRIC 14	The limit on a defined benefit asset, minimum funding requirements and their interaction.

IFRS 8 – ”Operating Segments“ was published in November 2006 and is binding for financial years beginning on or after 1 January 2009. IAS 14 “Segment Reporting” is replaced by IFRS 8. IFRS 8 requires companies to define their ”operating segments“ and the “segments performance“ in the annual financial statements on the basis of the financial information used by management. These new requirements may have an effect on the segments presented, the circumstances reported on and the corresponding measurement. The group has not yet analysed this aspect in detail, so that at present no conclusive assessments of the effect on reporting can be made.

The company has evaluated the effect of the other future standards and, on current assessment, does not expect any significant effects on the presentation of the net worth, financial and profit position of the group.

No use was made of the possibility to apply the standards ahead of schedule.

2. Historical cost concept

The annual financial statement is based on the historical cost concept. Unless otherwise indicated, assets and liabilities are posted at their nominal value minus any necessary adjustments.

3. Currency translation

Due to the stock exchange quotation in Frankfurt the report currency of the consolidated report is the Euro.

3.1 Transactions

Foreign currency transactions are translated at the current exchange rate on the day of the transaction. At the end of the period under review, assets and liabilities in foreign currencies are translated at the reporting date exchange rate. Translation differences are taken into account in terms of net income.

3.2 Translation of local financial statements

The financial statements of the companies are prepared in the currency in which the investee company carries out the majority of its business (functional currency). For the consolidated financial statements these are translated into Euro (€). The balance sheet items are translated at the rate on the reporting date and the income statement at the yearly average rate, as this gives a reasonable approximation of the cumulative effects which would have resulted from translation at the rates applicable at the times of transactions. The resulting translation difference is recognised as a currency difference direct in equity. The cash flow statement is translated at the average rate. On the disposal of a group company the relevant accumulated foreign currency differences are recognised in profit and loss as part of the proceeds from the disposal.

3.3 Exchange rates

The respective group exchange rate tables are used for foreign currency translation.

in EUR	ISO-Code	Unit	**2007**		**2006**	
			31.12.	Average	31.12.	Average
Swiss Francs	**CHF**	1	1.6542	1.6448	1.6075	1.5741
US-Dollar	**USD**	1	1.4600	1.3722	1.3195	1.2574

4. Income statement

The income statement has been created according to the total expenditure format.

5. Pension obligations

The Novavisions group provides pension schemes for employees in accordance with national legislation. They are outsourced to establishments and foundations that are financially independent of the Novavisions group.

In Switzerland, the Novavisions group bears the costs of benefits for all employees and their surviving dependents in accordance with legal requirements. The benefit obligations and the assets used to cover them are held by legally independent collective foundations of insurance companies. The organization, management and financing of the benefit schemes are based on Swiss insurance law (BVG), the foundation instruments and the applicable pension regulations.

In the case of schemes with defined benefit plans, the present value of expectancy based on seniority, expected salary and pension development, and expected return on the capital investment is periodically calculated by independent insurance experts according to the projected unit credit method.

The differences in comparison between the benefit obligations and benefit assets, as well as between the employer contributions paid and the net pension expenses are insignificant. Employer's contributions have been recorded as expenditure.

6. Costs of borrowed capital

The costs of borrowed capital are charged directly to the income statement.

7. Affiliated persons and companies

Transactions with affiliated persons and companies (related parties) are handled on terms that conform to the market. “Related persons” is understood to mean the members of the entity’s board of directors as well as the member of group management. “Related companies” is understood to mean entities where members of the board of directors have a significant influence. Further disclosures on related parties are given in the notes E 5, E 20 and H 7.

8. Non-current financial assets

Non-current financial assets are divided into ‘Financial assets at fair value through profit and loss’, ‘Held-to-maturity financial investments’, ‘Loans and receivables’ and ‘Available-for-sale financial assets’.

Financial assets at fair value through profit and loss and liabilities are either held for trading purposes or explicitly classified as such. The financial instruments held for trading purposes are bought with the intention of realising a profit from short-term price fluctuations. Held-to-maturity financial investments are financial assets with a fixed maturity which the group intends and is able to hold to maturity.
Financial assets available for sale are those non-derivative financial instruments which are either classified in this category or do not belong to any other category.

All financial instruments are initially recognised at fair value including transaction costs. All purchases and sales are recorded on the settlement date, i.e. on the date the asset is transferred. After initial recognition the financial assets at fair value through profit and loss and liabilities are measured at fair value and changes in fair value reported in financial earnings/(expenses) for the reporting period.

The fair value of publicly listed financial instruments is derived from available listed prices. If financial instruments are not traded in an active market, alternative valuation methods are applied. This involves the use of recent arm’s-length transactions between knowledgeable, willing parties or cash flow calculations or similar.

After initial recognition held-to-maturity financial investments and loans and receivables are measured at amortised cost using the effective interest method. Available-for-sale financial assets are measured at fair value after initial recognition and changes recognised in equity. Lasting and ongoing impairments are recognised in profit and loss.

9. Liquid resources

The liquid resources are posted at their nominal value. They include cash in hand, cash in post office and bank accounts.

10. Trade receivables

Trade receivables are classified as loans and receivables in line with IAS 39. Default risks are accounted for using impairment losses and expected recoverable amounts.

11. Inventories

Inventory is normally valued at the average acquisition costs. If the net sale value is lower, appropriate value adjustments are made.

12. Ordinary taxes and deferred taxes

Ordinary taxes are calculated on taxable earnings using the applicable tax rate. Deferred taxes are calculated for temporary differences between the financial statements for tax purposes and the consolidated financial statements. In so doing the group applies the 'liability method' by which deferred taxes are calculated using the tax rates applicable at the time the taxes are likely to be due. Deferred tax assets are only recognised when their recovery can be expected.

Deferred tax liabilities arising from temporary differences in connection with investments in subsidiaries and associates are recognised unless the timing of the reversal of the temporary differences can be controlled by the group and it is likely that the temporary differences will not be reversed in the foreseeable future.

13. Recording and depreciation of tangible and intangible assets

13.1 Leased items

A lease arrangement is classified as an operating lease if all the risks and benefits associated with proprietorship predominantly remain with the lessor. Lease payments under operating lease arrangements are recognised as expenses in a straight line over the term of the lease contract.

Novavisions' leasing arrangements mainly involve vehicles. The terms of these operating lease contracts are generally between three and five years. NovaStor has not entered into any obligation to take over the lease items at the end of the term. The lease payments are recognised as costs in the income statement.

13.2 Tangible fixed assets

Tangible fixed assets are valued at purchase or production costs minus scheduled and non-scheduled depreciation. The costs of borrowed capital are not applied in determining the purchase or production costs, because they cannot be directly assigned to the respective assets. Depreciation is basically linear over the expected effective life.

The following depreciation periods apply:

Tangible assets	3 to 5 years
Leasehold improvements	10 years, but at most the period of the tenancy agreements

Tangible assets include computing systems, movable property, furnishings, office equipment, communication equipment, and system software.

Low-value property items with purchase costs of EUR 500 or less are debited directly from the income statement in the purchase year. Maintenance costs are recorded directly as expenses.

13.3 Goodwill

Acquired subsidiaries are included in the accounts using the acquisition method. The acquisition costs correspond to the fair value of the expended assets, the equity instruments issued, and the debts created or assumed on the date of the transaction, plus the costs directly attributable to the acquisition. Assets, debts and contingent liabilities that are identifiable in the context of a business combination are recognised on first consolidation at their fair values on the acquisition date, irrespective of the number of minority shares.
The costs of the acquisition that exceed the group’s share in the net assets recognised at fair value is posted as goodwill. If the acquisition costs are less than the fair value of the acquired subsidiary’s net assets, then the difference is recognised directly in the income statement. Goodwill having an indefinite useful life is not subject to scheduled depreciation; instead, it is reviewed annually during the second half of the accounting year to establish whether any impairment has occurred.

13.4 Intangible assets

Intangible assets are capitalised at acquisition or production cost, and are generally subject to linear depreciation over their anticipated useful life. Intangible assets capitalised on the date of acquisition when consolidation is done for the first time are measured at fair value.

The depreciation periods applying are as follows:

Licenses	5 years
Software technology on acquisition date	10 years
Trademarks on acquisition date	10 years

13.5 Impairment of non-current assets

Intangible assets or goodwill which have an indefinite useful life are not subject to scheduled depreciation: they are reviewed annually to see whether any impairment has occurred. Assets that are subject to scheduled depreciation are checked to see whether a reduction in value is required if events or changes in circumstances indicate that the book value may possibly no longer be realisable. Impairment losses are recognised by posting the book value that exceeds the realisable amount. The realisable amount is the higher of the two following figures: the fair value of the asset minus sales costs, or the asset's value in use. For testing intrinsic value, assets are combined at the lowest level for which cash flows can be identified separately (cash generating units).

On the basis of an impairment test an impairment loss for goodwill was recognised in the reporting period. Impairment losses for goodwill cannot be reversed in following periods. An impairment loss through profit and loss for non-financial assets other than goodwill in prior periods is reversed if there are reasons to believe that the impairment no longer exists or could be lower.

14. Liabilities

Liabilities are initially recognised at fair value and thereafter at amortised cost. Liabilities in foreign currencies are translated at the rate on the reporting date and exchange rate differences recognised in profit and loss.

15. Advance payments

Advance payments received are posted as advance payments within the framework of agreements, which are not accounted for in terms of current sales on the balance sheet date. They are treated as income following acceptance testing by the customer.

16. Instruments of credit/loans

When instruments of credit with options are issued, the loan portion is calculated on the basis of the market interest rate of comparable instruments of credit without options. After initial posting, the loan portion is reported at the amortized cost value. The issue costs are divided into a loan portion is reported at the amortized cost value. The issue costs are divided into a loan portion and an equity portion at the same ratio as the credit instrument. The amortization of the discount and issue cost share is debited from the consolidated result over the term of the credit instrument. The value assigned to exchange options on initial posting as equity capital remains unchanged during the subsequent reporting periods.

17. Liability reserves

Liability reserves are posted at their nominal value. The value that appears most probable on careful consideration of the factual frame is set aside. Discounting is only performed if the time of outflow can be reliably determined and the effect is substantial.

18. Earnings per share (GDR)

The earnings per GDR has been determined as the quotient of the net profit for the period and the weighted average of GDRs in circulation. The diluted earnings per GDR are determined in the same way as the earnings per GDR, but the weighted average of GDRs in circulation is increased by the number of GDRs that would have to be issued if the exercisable options were to be exercised whose exercise price is below the GDR's market value.

19. Estimates

In the consolidated financial statement, certain estimates and assumptions must be made, which impact the assets and liabilities reported on the balance sheet, the particulars of miscellaneous obligations on the balance sheet date, and the statement of earnings and expenditures during the period under review. The actual amounts may differ from the estimates.

20. Share options

The fair value of share options issued to employees and executives are recognised as payment on the date of distribution. The fair value of the share options was calculated using the Black Scholes model, which is based on various assumptions that are in turn based on estimations of future uncertainties, such as the expected volatility of the GDR and the expected dividends.

21 Financial risk

21.1 Liquidity risk

The liquidity risk is that Novavisions is unable to satisfy its financial obligations when they fall due. Liquidity is monitored on a continuous basis.
Farsighted liquidity control comprises the guarantee of adequate liquidity reserves and usable financial assets as well as the possibility to make use of credit facilities.

21.2 Interest risk

The interest change risk pertains primarily to long-term, interest-bearing loans. NovaStor used no financial instruments to protect against the interest change risk in the year under review.

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21.3 Measurement risk

Novavisions holds equity investments in companies and accordingly is exposed to measurement risk. The development of the companies is monitored continuously.

21.4 Loss risk

Financial instruments which may possibly expose Novavisions to a concentration of loss risks are primarily cash and cash equivalents and trade receivables. Banking relationships exist only with first class financial institutions. Novavisions monitors the credit standing of its customers on a continuous basis and has no significant loss risk concentrations.

21.5 Foreign currency risk

The foreign currency risks arise from financial instruments whose currency deviates from the functional currency of the respective group company (see E 16).

Novavisions did not deploy any financial instruments to hedge the foreign currency risk in the reporting period.

22. Capital management

The capital managed by the group corresponds to the consolidated equity. The objectives pursued by Novavisions in the management of capital are as follows:

- to safeguard a healthy and solid balance sheet structure on the basis of going concern values;
- to secure the requisite financial leeway for future investments and acquisitions;
- to achieve an appropriate return on investment.

Novavisions monitors equity on the basis of the equity ratio. It corresponds to equity expressed as a percentage of the balance sheet total. In the medium term, an equity ratio of 20% is aspired to.

The equity ratio as of 31.12.2007 is 57.6% (as of 31.12.2006: 63.7%).

23. Critical estimates and assumptions in financial statements preparation

All estimates and assessments are revised on a continuous basis and are founded on past experience and other factors, including expectations of future events which would appear to be reasonable in the given circumstances. The group makes estimates and assumptions concerning the future. These include, for example, provisions for current and potential litigations. Naturally, the estimates derived from these will only rarely correspond exactly to the actual circumstances at a later date.

E NOTES ON THE BALANCE SHEET

	31.12.07 EUR	31.12.06 EUR

1. Accounts receivable from sales & services

	31.12.07 EUR	31.12.06 EUR
Accounts receivable from sales and services	0	286,748
Valuation adjustments	0	-5,544
Net values	0	281,204
Intercompany accounts receivable	0	43,577
Total	0	324,781

In the 2007 financial year the losses on receivables totalled EUR 0 (2006: EUR 62,746).

The classification of receivables according to age which have not been individually adjusted are as follows:

	2007		2006	
	Receivable	Value adjustment	Receivable	Value adjustment
Not due	0	0	120,550	0
Overdue for 1 to 30 days	0	0	151,573	0
Overdue for 31 to 60 days	0	0	19,400	0
Overdue for 61 to 90 days	0	0	9,180	0
Overdue for over 90 days	0	0	29,622	-5,544
Total	0	0	330,325	-5,544

2. Accruals and other current assets

	31.12.07 EUR	31.12.06 EUR
Tax receivables	14,091	25,035
Receivables from social establishments	23,278	14,299
Deposits	0	36,112
Other receivables	72,543	87,163
Accruals	8,827	149,321
Total	118,739	311,930

3. Current loans

Third party loans	1	300,000
Total	1	300,000

The current loan of EUR 300,000 in 2006 referred to a loan to Dynavisions GmbH. In 2007 this loan increased to EUR 630,687 and was written off as at 31 December 2007 to EUR 1.

The loan may be terminated by either party at any time. It bears interest of 6%.

4. Tangible assets, intangible assets, goodwill

Acquisition costs in EUR	**Tangible assets**	**Intangible assets**	**Goodwill**	**Total**
1. Januar 2006	**1'543'152**	**1'854'738**	**7'789'829**	**11'187'719**
Additions	31'208	420'057	0	451'265
Disposals	-202'242	-368'429	0	-570'671
Additional depreciation	0	0	-2'483'377	-2'483'377
Transfer	1'472	-1'472	0	0
Currency difference	-38'785	-41'520	-209'625	-289'930
31. Dezember 2006	**1'334'805**	**1'863'374**	**5'096'827**	**8'295'006**
Reclassification to discontinued operations	-838'104	-1'863'374	-4'580'633	-7'282'111
Additions	5'261	0	0	5'261
Currency difference	-14'023	0	0	-14'023
31. Dezember 2007	**487'939**	**0**	**516'194**	**1'004'133**

Value adjustments in EUR	**Tangible assets**	**Intangible assets**	**Goodwill**	**Total**
1. Januar 2006	**1'272'577**	**385'409**	**0**	**1'657'986**
Annual depreciations	95'959	201'307	0	297'266
Disposals	-173'435	-363'462	0	-536'897
Currency difference	-32'048	-15'758	0	-47'806
31. Dezember 2006	**1'163'053**	**207'496**	**0**	**1'370'549**
Reclassification to discontinued operations	-724'564	-207'496	0	-932'060
Annual depreciations	21'614	0	0	21'614
Currency difference	-12'502	0	0	-12'502
31. Dezember 2007	**447'601**	**0**	**0**	**447'601**

Book value in EUR	**Tangible assets**	**Intangible assets**	**Goodwill**	**Total**
1. Januar 2006	**270'575**	**1'469'329**	**7'789'829**	**9'529'733**
31. Dezember 2006	**171'752**	**1'655'878**	**5'096'827**	**6'924'457**
31. Dezember 2007	**40'338**	**0**	**516'194**	**556'532**

	31.12.07 EUR	31.12.06 EUR

5. Non-current assets

Goodwill	516,194	5,096,827
Associated equity investments	205,884	148,263
Total	722,078	5,245,090

Reviewing the intrinsic value of goodwill

The impairment tests were performed at the end of the reporting year on the basis of the five-year financial plan of the companies. The cashflow forecasts are based on relevant anticipated growth in sale and the operating results.

The calculation is based on the following assumptions:

in EUR	Growth rate	Interest rate	Carrying amount 31.12.07	Carrying amount 31.12.06
Germany	7.5%	13.5%	1.878.068	1.932.628
Finland	6%	13.0%	516.194	531.190
USA	6%	12.0%	2.559.870	2.633.009
Total goodwill			4.954.132	5.096.827
of which continued activities			**516.194**	**5.096.827**

In view of the corporate values as a going concern calculated using the DCF method it was not necessary to adjust the value of goodwill in 2007 (2006: EUR -2,483,377 in Germany). The changes are exclusively attributable to the exchange rates.

In 2007 the goodwill concerning Germany and the USA was reclassified to activities no longer continued.

Associates

Start of the period	148,263	311,476
Exchange rate difference	-4,185	-10,502
Additions	92,000	0
Disposals	0	-152,711
Financial earnings of associates	-30,194	0
End of period	205,884	148,263
Assets, pro rata	1,096,158	389,758
Outside capital, pro rata	1,440,077	218,977
Sales, pro rata	1,320,875	832,102

The net additions of EUR 92,000 arose from the purchase of Dynavisions GmbH amounting to EUR 1,501,826 including transaction costs, depreciation of this investment by EUR 1,409,826. The share in the loss of Dynavisions GmbH was only considered to the amount of the remaining carrying amount although it exceeded this.

The increase in the pro rata assets and the pro rata outside capital is attributable to the addition of Dynavisions GmbH.

	31.12.07 EUR	***31.12.06 EUR***

6. Other long-term receivables

Other long-term receivables	0	74'650
Total	0	74'650

7. Deferred taxes

Beginning of period	2'636	37'494
Reclassifiacation to discontinued operations	-2'636	0
Currency difference	0	1
Current period	0	-34'859
End of period	0	2'636

The deferred taxes concern the following balance sheet items:

Carryover	0	2'636
Total	0	2'636

Deferred tax credit from carryovers from the years 2000 to 2007 amounting to €25.8 million are not carried as assets on the balance sheet, since the respective companies reported losses in the recent past.

There is a time limit on offsetting the carryovers against future profits. The carryovers expire from the year 2008.

2008	13'072'332
2009	5'515'671
2010	50'212
2011	2'311'049
2012	0
2013	2'891'537
Später	1'952'031
Total	25'792'832

	31.12.07 EUR	***31.12.06 EUR***

8. Short term loans and short term share of long-term loans

Other liability reserves	214‘774	0
Total	214‘774	0

Development:

Beginning of period	0	338‘531
Exchange rate difference	0	-24‘155
Creation	214‘774	0
Draft	0	-314’376
Ende Periode	214‘774	0

In October 2007 an out-of-court agreement was achieved in connection with imminent litigation in Germany from the year 2001/2002. As of 31 December 2007 provisions were reclassified in this respect to the amount of the payments due in 2008 from non-current to current (see also E 12 und F 2).

In the previous year EUR 238,000 was used from current provisions for the payment of an out-of-court agreement in connection with a patent dispute in the USA.

9. Other accounts payable

Welfare liabilities	0	1’147
Other accounts payable	10‘241	361’808
Total	10‘241	362’955

The other accounts payable mainly include accounts payable to suppliers for other operational services.

10. Deferred liability items

Wages, staff, social security benefits	26‘484	119’156
Auditing & consulting	55‘616	68’666
Interest expenses	13‘904	17’418
Other accruals	12‘393	19’305
Total	108‘397	224’545

The deferred liability items (salaries, social security, outstanding bills, audit, etc.) take into account all recognisable obligations vis-à-vis third parties. They are deferred up to the probable amount.

	31.12.07 EUR	31.12.06 EUR

11. Convertible bonds

Convertible bonds	698’537	1’137’212
Total	698’537	1’137’212

Of the convertible bond obligation issued on 20 October 2004 EUR 800,000 were extended on the same conditions (7% interest, conversion price EUR 1.05) to 22 October 2010. EUR 400,000 were repaid. The balance sheet value has been discounted. The effective interest rate is 12.9% (2006: 13.2%). 761,905 options have been issued on co-ownership shares (GDR’s) in connection with the convertible bond. This corresponds to an exercise price of EUR 1.05 per GDR. These options may be exercised up to 19 October 2010.

12. Non-current provisions

Start of periods	674,336	890,783
Exchange rate difference	-17,259	-26,078
Creation	393,738	0
Use	-465,306	-190,368
Reversal	-241,438	0
End of period	344,071	674,337

The provisions have been made in connection with imminent litigations. There are discounted and cover the anticipated costs.

The net creation of non-current provisions is composed of the increase of EUR 651,082 which is attributable to the out-of-court agreement achieved in October and the reclassification of EUR 214,774 to current provisions (see also E 8 und F 2).

EUR 465,306 were used in 2007 from non-current provisions. Of this figure EUR 364,867 are attributable to payments for the out-of-court agreement.

By contrast, additional provisions of EUR 241,000 could be reversed.

Maturity structure:

Falling due within 1 year and 5 years	344,071	674,337
Total of non-current provisions	344,071	674,337

	31.12.07 EUR	31.12.06 EUR

13. Deferred taxes

Beginning of period	0	51’955
Current period	0	-51’955
End of period	0	0

14. Financial instruments

The following table shows the carrying amounts of all financial instruments per category. They approximately correspond to the fair values under IFRS.

Cash and cash equivalents (without fixed term deposits)	60,322	573,487
Total of cash and cash equivalents	60,322	573,487

Fixed term deposits	0	900,000
Trade receivables	0	281,204
Loans	1	300,000
Other receivables *)	104,648	286,895
Total of loans and receivables	104,649	1,768,099

Trade liabilities	14,538	189,577
Convertible bond	800,000	1,200,000
Other current / non-current liabilities	686,561	362,955
Liabilities valued at going concern rates	1,501,099	1,752,532

*) The accruals and other non-current assets balance sheet item contains tax accruals of EUR 14,091 (2006: EUR 25,035) which are not within the scope of IAS 39 and are not therefore included in this table (E2).

15. Outside capital on which interest is payable

The table below shows the maturity profile of the outside capital on which interest is payable:

	up to 1 year	Up to 5 years	Total 2007	Total 2006
Convertible bond	0	698,537	698,537	1,137,212
Total	0	698,537	698,537	1,137,212

16. Financial risks

16.1 Liquidity risk

The following table shows contractual maturities (including interest) of the financial liabilities:

31. December 2007

	Total	Up to 1 year	1 to 3 years	More than 3 years
Liabilities from goods and services	14,538	14,538	0	0
Convertible bonds	957,260	56,000	901,260	0
Other short term / long term Liabilities	871,728	394,303	477,425	0
Liabilities valued at continuous purchase cost	1,843,526	464,841	1,378,685	0

31. December 2006

	Total	Up to 1 year	1 to 3 years	More than 3 years
Liabilities from goods and services	189,577	189,577	0	0
Convertible bonds	1,267,890	1,267,890	0	0
Other short term / long term liabilities	1,024,946	806,396	215,657	2,893
Liabilities valued at continuous purchase cost	2,482,413	2,263,863	215,657	2,893

Due to out of court settlement in the reporting year and the inadequate return on certain shareholdings, Novavisions liquidity is under pressure. The supervisory board and the management are however convinced by the strategy decided upon in mid-2007 to sell majority shareholdings in order to cover the funding requirements mid-term. However currently there are no binding purchase offers for the most significant majority shareholdings. As a result it cannot therefore be conclusively ascertained how high the incoming flow of funding will be and when it will occur. In order to ensure liquidity in the short term the possibilities for taking advantage of credit facilities are being reviewed.

	31.12.07 EUR	31.12.06 EUR

16.2 Valuation risk

The valuation risk principally comprises the long term assets. Most of the shareholdings held are not listed on the Stock Exchange. And for the company held for disposal there are currently no binding purchase offers. Therefore there is uncertainty around their current market value.

Novavisions is on the way to becoming a holding company and proving an effective portfolio value. But this is not possible for majority shareholdings as they cannot be consolidated. Instead of their shareholding value their assets are reported in the group report. Therefore risks relating to the shareholdings also from valuation risks of individual assets cannot be ascertained on discontinued activities.

The following table shows the maximum valuation risk for the group balance sheet:

	31.12.07 EUR	31.12.06 EUR
Intangible assets	1,651,075	1,590,33
Goodwill	4,954,132	5,096,827
Associated shareholdings	205,884	148,263
Total	6,811,091	6,835,823

The intangible assets and the majority of the goodwill are included in the assets held for disposal (see E 4). The first consist of development costs, software and trademarks and are checked by the relevant companies for their sustainability.
The check of the sustainability of goodwill is conducted by Novavisions together with the valuation of the shareholdings (see E 5).

The sustainability of the activated development costs for Set-Top Boxes depends on their sales success. The software and the balanced trademarks are depreciated linearly in accordance with the balance sheet principles and are constantly checked for their sustainability.

16.3 Default risk

The maximum default risk on financial instruments corresponds to the book value of the individual financial assets. There are no guarantees or similar obligations which could result in the increase of the risks above book value. The maximum default risk on the balance sheet day was as follows:

	31.12.07 EUR	31.12.06 EUR
Term deposits	0	900,000
Debts from goods and services	0	281,204
Loans	1	300,000
Other debts *)	104,648	286,895
Total loans and debts	104,649	1,768,099

*) without tax returns

16.4 Currency risk

The foreign currency risks consist primarily of group loans and convertible bonds, which cannot be held in the functional currency of the respective group company.
The impact of a change in the foreign currency balance sheet positions as of 31st. December due to exchange rate changes of around 5% would have increased or decreased group capital as illustrated in the following table:

	Impact on the pre-tax results in		
	EUR	***EUR***	***EUR***

2007

Exchange rate trends on balance sheet positions in:	**CHF**	**USD**	**EUR**
5%	0	5,087	-78,249
-5%	0	-5,087	78,249

2006

Exchange rate trends on balance sheet positions in:	**CHF**	**USD**	**EUR**
5%	88	6,038	-1,480
-5%	-88	-6,038	1,480

The following table shows the sensitivity of equity. A change in equity invested in Swiss Francs and US dollars as of 31st. December based on exchange rate changes of around 5% would have increased or decreased group capital as illustrated. This analysis assumes that all other variables, especially interest rates, remain unchanged.

	Impact on equity in	
	EUR	***EUR***

2007

Exchange rate trends on invested equity in:	**CHF**	**USD**
5%	237,499	-7,889
-5%	-237,499	7,889

2006

Exchange rate trend on invested equity in:	**CHF**	**USD**
5%	306,840	-5,037
-5%	-306,840	5,037

17. Equity

Share capital

The share capital of CHF 8,427,114.50 is, as of 31st December 2007, divided into 2,407,747 owner shares à CHF 3.50. The conversion at historical exchange rates results in a total of EUR 5,472,299 at 31st December 2007.
Co-ownership shares in the company (GDR) are listed on the Frankfurt Stock Exchange. 10 co-ownership shares correspond to one owner share of Novavisions AG.

Conditional capital

The supervisory board is authorised to increase the share capital by CHF 997,500 or 285,000 owner shares. The conditional capital ensures the exercising of options on the owner shares of Novavisions AG.

Authorised capital

The authorised share capital was generated on 5th May 2006 by a total of 950,000 owner shares. In the extraordinary shareholders' meeting on 11th December 2006 authorised capital amounting to CHF 465,050 or 130,300 owner shares were agreed upon, so that until 4th. May 2008 the share capital can be increased by a maximum of 819,700 further owner shares or CHF 2,868,950.

Regular capital increase

At the extraordinary shareholders' meeting of 11th December 2006 a regular increase of the share capital by CHF 6,790,000 or 1,940,000 owner shares to CHF 14,038,346 was agreed. The entry in the Commercial Register of Zug canton was completed on 8th February 2007.

Capital reduction

At the shareholders' meeting of 18th June 2007 it was agreed to reduce the regular share capital by elimination of 1,603,209 owner shares of CHF 5,611,231.50 to CHF 8,427,114.50. The repayment of the share capitals was made by declining to take over company shares of Dynavisions GmbH amounting to 54% of the total outstanding company shares.

18. Sale of company shares

Mount10 GmbH

The activities of the company are consolidated in the year 2006 in the income account until 31st March 2006. The balance sheet positions were deconsolidated at the date of 1st April 2006, as the company was sold in May 2006 (for further information see F 3).

Mount10 Software, Inc.

The activities of the company are consolidated in the year 2006 in the income account until 31st March 2006. The balance sheet positions were deconsolidated at the date of 1st April 2006, as the company was sold in May 2006 (for further information see F 3).

Dynavisions Schweiz AG

In 2007 18.2 % of Dynavisions Schweiz AG shares were sold. In addition the management of Dynavisions Schweiz AG took over 2.8% of the shares.

19. Merger

On 22nd February 2007 Novavisions AG (previously NovaStor AG) acquired 46% of Dynavisions GmbH, a German company, by means of a share transaction, applying the acquisition method.

The acquisition price is as follows:

	EUR
Acquisition price	1,313,485
Net assets (fair value)	-1,313,485
Goodwill	0

The acquisition price is as follows:

Payment with shares of Novavisions AG	1,313,485
Acquisition price	1,313,485

The shares of Novavisions AG for the payment of the acquisition price were generated within a capital increase initiative with an investment in kind. The acquisition price was based on a third party evaluation. The defined assets and obligations arising from the acquisition of Dynavisions GmbH are as follows:

	Fair value	Book value
	EUR	EUR
Current assets	270,717	270,717
Customer relations	708,330	0
Tangible assets	62,188	62,188
Technical know-how	2,500,000	0
Dynavisions brand	200,000	0
Short term liabilities	-885,834	-885,834
Net assets	2,855,401	-552,929

Acquisition share	46%	1,313,485

Due to the decision not to take over 54% of the total outstanding company shares of Dynavisions GmbH, the company is reported as associated company and consolidated according to the equity method.

	31.12.07 EUR	31.12.06 EUR

20. Related parties

In 2007 only the discontinued activities conducted transactions with associated companies (equity valuation). In 2006 there were the following transactions:

	2007 EUR	2006 EUR
Revenue	0	570,832
Cost of materials	0	0
Other operating costs	0	0
Profits from disposal of tangible assets	0	0
Financial result	0	0
	31.12.07	**31.12.06**
Debts	0	43,577

Total remuneration for group management:

Salaries incl. social costs:
2007: EUR 194,273
2006: EUR 283,212

Joint stock options of the company at fair value:
2007: EUR 0
2006: EUR 6,360

Supervisory board remuneration:

2007: EUR 35,700
2006: EUR 32,208

Details in accordance with Art. 663b bis OR

The details in accordance with Swiss Obligation Legislation Art. 663b bis are in the attachment of the statutory annual report for Novavisions AG.

F NOTES ON THE INCOME STATEMENT

	2007 EUR	2006 EUR

1. Earnings from operations

	2007 EUR	2006 EUR
Net profits from assets	0	57,505
Interest returns	41,949	16,448
Other returns	236,401	212,157
Total earnings from operations	278,350	286,110

Net profits from assets
The reporting period resulted in a net loss of assets. In 2006 there were net earnings from the sale of shares in associated companies of EUR 57,505.

Interest returns
In 2007 the interest returns for banks amounted to EUR 11,900 (2006: EUR 16,448) and for associated companies EUR 30,049 (2006: EUR 0).

Other earnings
Of other earnings there were in 2007 EUR 125,000 attributed to earnings from services towards associated companies (2006: EUR 0) and in 2006 EUR 170,000 on debt waiver of a bank.

2. Operating costs

	2007 EUR	2006 EUR
Net losses from assets	1,617,876	0
Interest rate costs	144,731	181,310
Foreign currency losses	27,026	4,591
Administration expense	1,157,466	933,402
Total operating costs (excluding depreciation)	2,947,099	1,119,303

Net losses from assets
The net loss in 2007 is as follows:

	2007 EUR	2006 EUR
Profits from disposal of shareholdings	456,269	0
Success of associated companies	-30,194	0
Value adjustments of shareholdings	-1,409,825	0
Value adjustments of loans	-634,126	0
Net losses from assets	-1,617,876	0

	2007 EUR	2006 EUR

Interest rate expenses

The interest rate expenses result from the claim on credit limits and the interest rates for the outstanding convertible bonds.

Banks and other	617	23,278
Convertible bonds	144,114	158,032
Total	144,731	181,310

Currency result

In the business year 2007 there were a total of EUR 19,348 book losses on foreign currencies (2006: EUR 4,590) booked via the income account. The book losses primarily reflect the influence of the exchange rate fluctuations on the loan positions.

Administration expense (excluding depreciation)

Personnel expenses	386,235	529,884
Office expenses	45,949	50,491
Marketing & PR work	101,047	117,772
Other administration costs	624,235	235,255
Total operating costs (excluding depreciation)	1,157,466	933,402

Personnel costs include salaries, success shares, holiday reserves, third party personnel, apprenticeships and other personnel costs.

Other administration costs include costs for business travel, vehicles, telecommunication, rent, leasing, consultancy and others. The change to the previous year is primarily in 2007 due to the out of court settlement relating to pending charges. The impact on the income account from the net increase in the reserves amounted to EUR 367,074 (also see E 8 and E 12).

The pension fund expenses in the business year 2007 amounted to EUR 20,214 (2006: EUR 21,835) and the costs for the option plans in the reporting year amounted to EUR 0 (2006: EUR 8,081).

3. Deconsolidation

The position consists of the following:

Mount10 GmbH	0	-100,954
Mount10 Software Inc.	0	11,500
Total	0	-89,454

Mount10 GmbH		
Elimination of assets	0	-1,025,225
Elimination of liabilities	0	924,271
Cumulative conversion differences	0	0
Total	0	-100,954

	2007 EUR	***2006 EUR***
Mount10 Software Inc.		
Elimination of assets	0	-31,535
Elimination of liabilities	0	43,478
Cumulative conversion differences	0	-443
Total	0	11,500

Further details can be found in E 18.

4. Taxes from income and returns

Normal taxes	0	-1,001
Latent taxes	0	0
Total	0	-1,001

The effective taxation result differs from the anticipated taxation result which is calculated by multiplication of the local tax rate with the pre-tax result for each group company as follows:

Pre-tax losses	-2'690'363	-948'454
Tax expenses with tax rate at holding	239'442	84'412
	8.9%	8.9%
Adjustment of holding tax rate to tax rate of group companies	0	0
Not accounted latent taxes	-239'442	-85'413
Use of non-activated tax losses	0	0
Tax-neutral expenses	0	0
Tax expenses for group	0	-1'001

5. Result for each co-ownership share

The outstanding options on shares of Novavisions AG have an undiluted impact on the result per share, as the exercising prices are far above the share price.

On calculating the co-ownership shares circulated on average the outstanding options were not taken into account.

G DISCONTINUED OPERATIONS

1 Assets and liabilities for sale

ASSETS	31.12.07 EUR	31.12.06 EUR
Long-term assets		
Tangible fixed assets	72'603	
Intangible assets	6'126'064	
Deferred taxes	2'636	
Long-term assets, total	**6'201'303**	**0**
Short-term assets		
Accruals and other short term-assets	94'144	
Accounts receivable from sales & services	921'911	
Liquid recources	538'930	
Short-term assets, total	**1'554'985**	**0**
Assets from discontinued operations	**7'756'288**	**0**

LIABILITIES	31.12.07 EUR	31.12.06 EUR
Short-term liabilities		
Accounts payable from sales & services	84'265	
Deferred revenues, advance payments	2'069'081	
Other short-term liabilities	142'311	
Short-term liabilities, total	**2'295'657**	**0**
Liabilities from discontinued operations	**2'295'657**	

2 Segments of discontinued operations

From a revenue and volume perspective the discontinued operations consist of one segment. However, they are divided into two segments from a geographic perspective.

Balance sheet items and performance figures for the two geographical segments are split according to the location of the assets and liabilities as well as the location where earnings are recognised.

EUR in thousand

	Europe		USA		Elimination/ others		TOTAL	
	2007	2006	2007	2006	2007	2006	2007	2006
Sales revenue								
Third party revenue	2'462	3'576	3'188	3'052	0	0	5'650	6'628
Revenue other segments	1'801	2'376	196	0	-1'997	-2'376	0	0
Total revenue	4'263	5'952	3'384	3'052	-1'997	-2'376	5'650	6'628
Result								
EBITDA	457	790	215	-231	-2	0	670	559
Depreciation	-59	-126	-142	-147	0	0	-201	-273
Additional depreciation	0	-2'483	0	0	0	0	0	-2'483
EBIT	398	-1'819	73	-378	-2	0	469	-2'197
Result	378	-1'808	26	-364	0	0	404	-2'172
Other information	**31.12.07**	**31.12.06**	**31.12.07**	**31.12.06**	**31.12.07**	**31.12.06**	**31.12.07**	**31.12.06**
Total asset *)	4'226	10'035	3'880	4'045	-350	-4'470	7'756	9'610
Total liabilities *)	1'724	2'344	920	817	-348	328	2'296	3'489
Investments	209	338	14	113	0	0	223	451
Bad debt loss	0	60	3	3	0	0	3	63

*) the assets and liabilities as of 31.12.06 also include the discontinued operations.

3 Cash flow from discontinued operations

	2007 EUR	***2006 EUR***
Cash flow from operating activities	590'782	-638'415
Cash flow from investment activities	-158'473	-23'271
Cash flow from financing activities	-635'895	218'131
Exchange rate differences	345	-49'883
Total	-203'241	-493'438

H OTHER DETAILS

1. Other financial obligations

Leasing and rental obligations

The company especially rents and leases office space and plant. The contracts have varying terms of validity. In some cases there are extension options. In various contracts rent increases are dependent on the consumer price trend and the mortgage interest rates. Rental is treated as operating expense.

On the balance sheet date the following minimum rental payments resulted from non-terminable, non-balanced rental and leasing contracts:

	2008	2009	2010	2011	2012
Leasing obligations	6,721	0	0	0	0
Rent obligations	33,624	33,624	2,802	0	0
Total	40,345	33,624	2,802	0	0

In the reporting year EUR 50,963 were recorded as expense for leasing and rental in the consolidated annual report.

2. Pledged assets

	2007 EUR	*2006 EUR*
Deposits	0	36,112
Total	0	36,112

Deposits are solely within the discontinued activities.

3. Securities

As of 31st December 2007 the company had no outstanding securities.

4. Stock options

The following table shows the development oft he options over the past two years::

	2007		2006	
	Options	Exercis price	Options	Exercise price
Outstanding options				
On January 1	651’110	€1.49	719’110	€1.59
Issued	0	-	240’000	€0.80
Exercised	0	-	0	-
Expired	-34’000	€1.00	-308’000	€1.19
Balance 31.12.	617’110	€1.52	651’110	€1.49
Thereof exercisable as per 31.12.	617’110	€1.52	34’000	€1.00

The exercise price is a balanced average price. In 2007, the total revenue from exercising options was 0 (2006: EUR 0).

In 2007 no options were issued (2006: 240‘000). In 2006, a total of 190,000 options with an exercise price of €0,80 were issued to members of the management and the board of directors in 2006. There are no vesting conditions for the options that have been issued. All of the options grant entitlement to 1 GDR (global depository receipt).

The composition of the outstanding options on 31 December 2006 was as follows:

Exercise price	Options	Life in years	Average exercise price
€0.80	240’000	1.90	€0.80
€1.60	144’110	2.00	€1.60
€2.20	233’000	4.00	€2.20
Total	617’110	2.72	€1.52

In connection with the convertible bonds 2007/10, addition 761‘905 options for GDRs ha-ve been issued and may be exercised

5. Important events following the balance sheet date

On 31st March 2008 further 30% of Dynavisions Schweiz AG shares were sold. With this transaction the share held by Novavisions reduced to 49%.

6. Major shareholders

According to Swiss stock corporation law, the company is obliged to disclose the names of all shareholders and shareholder groups whose holding exceeds 5% of all voting rights inasmuch as they are known or must be known to the company. The disclosure is made in the annual financial statement of NovaStor and pertains to shares held at the end of the respective business year. Since the shares of NovaStor are not listed at a stock exchange in Switzerland, the obligation to make disclosure and the regulations of the Swiss Securities and Exchange Act (BEHG) regarding public bidding are not applicable to the company.

Additionally, §26 of the German Securities Trading Act WpHG obliges the company to publish the attainment or crossing of threshold values for voting interests of 3%, 5%, 10%, 20%, 25%, 30%, 50% or 75% immediately, at the latest within 4 calendar days, in a national newspaper authorized by the stock exchanges. The time limit begins when the company becomes aware that the voting interest of the respective shareholder has reached or crossed the threshold value in either direction.

The following summary reflects the shareholder structure (<5.0%) known to the company as per 31 December:

Name	Qty of gloabl depository receipts	%
Adrian Knapp	1'780'422	7.39
Credit Suisse	3'150'000	13.08

7. Security holdings of executive organs

The following table provides information on the security holdings (GDR) and options on GDRs of members of executive management and the board of directors of Novavisions AG on 31 December 2007.

Name	**Position**	**Category of securities**	**Quantity**
Knapp Adrian	Chairman and CEO	GDR Optionen on GDR	1'780'422 212'150
Bernhard Markus	Member of board of directors	GDR	221'231
		Optionen on GDR	83'000
Naef Peter Urs	Member of board of directors	GDR	0
		Optionen on GDR	108'720
Riempp Gerold	Member of board of directors	GDR	132'553
		Optionen on GDR	0
Stehle Jürgen	Member of board of directors	GDR	532'432
		Optionen on GDR	0

8. Particulars of the Board of Directors and Group Management

Board of Directors:	Adrian Knapp	Chairman
	Markus Bernhard	Member
	Peter Urs Naef	Member
	Prof. Dr. Gerold Riempp	Member
	Jürgen Stehle	Member (until 5 May 08)
Group Management:	Adrian Knapp	Chief Executive Officer
	Markus Bernhard	Chief Financial Officer (until 31.03.07)
	Jean-Christophe Probst	Head of Finance & Controlling (as of 2.08.07)