FINANCIAL REPORT 2008

NOVAVISIONS AG

LETTER TO SHAREHOLDERS

Dear Shareholders,

We have a turbulent year 2008 behind us. The challenges were enormous. We are pleased that Novavisions can look to the future with confidence despite the turmoil. We would like to take the opportunity offered by this commentary on the financial year to answer some questions which crop up again and again.

What does Novavisions actually do?

It invests equity in other companies and profits from increases in the value of these companies.

Do Novavisions shareholders benefit directly when the investee companies perform well?

No, the profits generally remain with those companies and the Novavisions shareholders benefit from the companies' increasing value. The share price should reflect the total value of the individual portfolio companies. Operating expenses in the holding can lead to losses, although the subsidiaries are performing well.

In which companies does Novavisions currently hold significant stakes?

NovaStor, Zürich Finanzkontor AG und MultiCom Software OY

What do these companies do?

NovaStor

The data security provider NovaStor (100% stake) develops and sells software products in the fast-growing market for data security, data availability and long-term data storage. NovaStor has around 50 employees, primarily in Germany and the USA and earns 80% of its revenues in these markets. References include T-Systems, General Mills, Arvato Systems, Phoenix Contact and many others.

Novavisions entered into a cooperation agreement with a well-known and successful corporate finance house in order to realise the optimal value for the NovaStor companies. Despite this it has not been possible to pursue an offer considered adequate by the Board of Directors. This was partly due to the drastically altered environment, but also to the performance of the NovaStor companies, which has not quite lived up to the high expectations. The main causes were a delayed product launch in spring 2008 and the below-budget performance on the turbulent US market in the second half-year. We are nevertheless very confident of realising an appropriate price for NovaStor. NovaStor is solidly funded and earning money. This means that we can afford to work with the necessary patience. By wining the PW World Best Buy Award for the NovaBACKUP product again, the company has demonstrated that technologically it is playing at the highest level and can even compete with products from major manufacturers such as EMC. It was also able to exceed the target of 1,000 resellers worldwide in 2008.

Zürich Finanzkontor AG

Zürich Finanzkontor AG was created from the remaining assets of Dynavisions Schweiz AG. Following a capital increase it is solidly funded with equity of CHF 1.6 million and has liquid assets in the low single-figure EUR millions. These funds are used to make investments in severely undervalued assets. Novavisions is a small but important shareholder in Zürich Finanzkontor AG and Adrian Knapp and Lutz Eberle make up the Board of Directors. The company's shares are traded on the Frankfurt Stock Exchange under the securities number A0MVBY. More information is available at www.zfk-ag.ch.

MultiCom Software Oy

MultiCom Software (40% stake) Oy enhances and integrates software techologies (including those from NovaStor) in major Finnish companies such as TietoEnator and Cap Gemini. The company is based in Lappeenranta in Eastern Finland near St. Petersburg and represents an important hub in the innovative Finnish mobile market, which continues to set trends worldwide.

In 2008 MultiCom again developed well despite the very difficult conditions, increasing both revenues and profits. This follows a massive increase in the previous year as well. MultiCom is solidly funded and has a very sound business base thanks to customer contacts going back over many years. Together with company management we continue to examine all the ways in which shareholders can participate optimally in the company's positive performance.

What happened to the IPTV segment?

The Dynavisions companies, in which Novavisions held minority stakes, fell victim to massive problems in the IP TV sector. Despite several attempts and many intensive discussions with potential partners and investors an acceptable solution could not be found. In November 2008 and after consultation with the two largest shareholders the Board of Directors of Dynavisions Schweiz AG therefore decided to wind up the company. They are attempting to sell the remaining assets to the highest bidder. Dynavisions GmbH, in which Novavisions held a 46% interest, had to file for bankruptcy in December. These negative developments resulted in non-cash impairment losses for Novavisions of nearly EUR 1 million as of year end 2008.

Are the existing portfolio companies earning money?

From a current perspective all the companies in the investment portfolio will report positive earnings in 2009. As with all companies around the world this is subject to a stabilisation of the global economic situation.

How does Novavisions see the near future?

We are not assuming that the global economy will recover quickly. This also affects the course of our business and the valuations of the portfolio companies. At Dynavisions we have unfortunately already experienced how this can result in painful write-offs.

In this respect the remaining portfolio companies are much better positioned. They are all solidly funded, needing neither additional debt nor equity and are profitable. This means that we can work patiently to optimise the value of all of them. If the situation changes we can react promptly, as in all cases a homogeneous and powerful set of shareholders is working with proven management.

Based on the structure of the portfolio, the cash reserves and the qualified management in the portfolio companies we can assume that their value will develop positively and durably. This should also be reflected in a rising share price.

Ensuring its own funding is a significant challenge for Novavisions. This matter has high priority for the Board of Directors and management. Novavisions tries to keep its own costs as low as possible and strives to offer its services to the investee companies as cheaply as possible, without jeopardising its own existence. As soon as an investment has been realised in part or in full this will no longer be an issue and the company will be able to pursue additional interesting investment opportunities.

Novavisions earnings depend entirely on operating expenses at Novavisions and on the valuations of the portfolio companies. These can fluctuate considerably. Despite this, there is relatively little fundamental downside risk, but significant upside opportunities. As long as none of the investments has been realised at a profit, however, the operating expenses result in losses.

The real value of Novavisions and therefore of the share, lie in the valuations for the investee companies. We will therefore continue to strive to disclose net asset value (NAV) in order to give shareholders the chance to form a transparent picture of the value of the portfolio companies and therefore of Novavisions. We are aware that this is extremely difficult with the current presentation in the financial report. After the Dynavisions shares and the related losses have been eliminated, however, we consider the current portfolio mix to be return oriented but with low risk.

Thanks

We would like to express our thanks for your confidence. We also thank the staff in the portfolio companies very much for their great commitment and professionalism. We will pursue our new strategy as an investment company with great consistency in order to earn long-term rewards for the benefit of clients, staff and shareholders.

Yours sincerely,

Adrian Knapp
CEO and Chairman

THE COMPANY

Novavisions AG is a technology holding company specialising in equity. 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

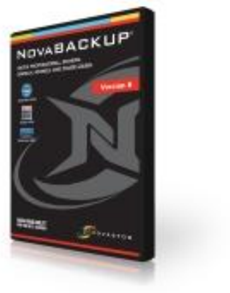
Thousand EUR

	01.-12.08	01.-12.07
	EUR	EUR
Operating income	400	278
Operating expense	-1'458	-2'947
EBTDA	-1'058	-2'669
Depreciation	-21	-22
Loss from deconsolidation	-	-
Operation result (EBT)	-1'079	-2'690
Income taxes	-236	-
Profit/Loss from continued operations	-1'315	-2'690
Profit/Loss from discontinued opertion	274	404
Profit/Loss fro Period	**-1'041**	**-2'286**
Earnings per GDR, diluted	-0.04	-0.07
GDRs, diluted		
- average in circulation	24'077'470	33'334'110
- in circulation as per spot date	24'077'470	24'077'470
	31.12.08	**31.12.07**
Equity capital	4'454	4'991
Equity ratio	***50.4%***	***57.4%***
Balance sheet total	8'835	8'698

THE INVESTMENTS

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 October '08, leading US computer magazine PC World rated NovaBACKUP 10 as the "best backup utility program" and awarded it a "Superior" rating with 91 out of 100 points. In its summary of NovaBACKUP 10, PC World states that "a friendly new interface and online-backup integration are highlights of this full-featured backup app."

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.

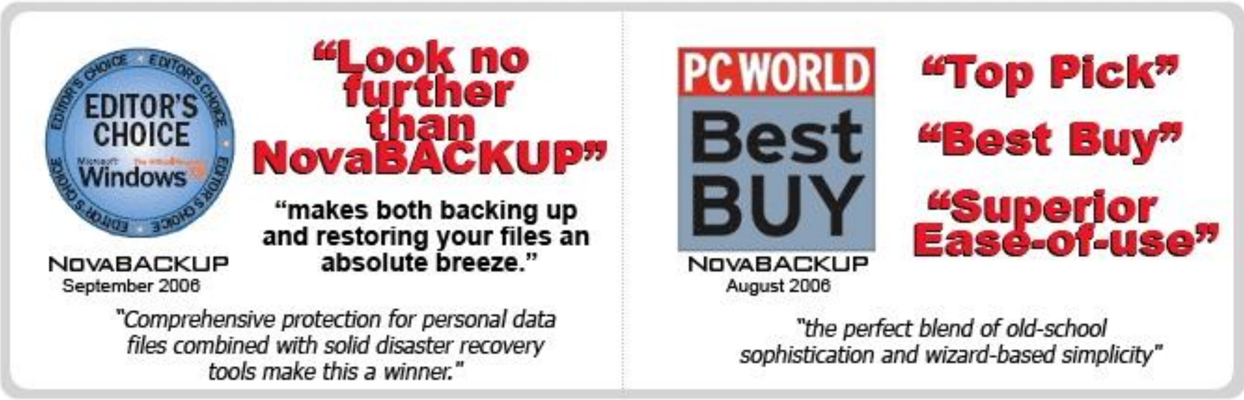
NOVAVISIONS AG

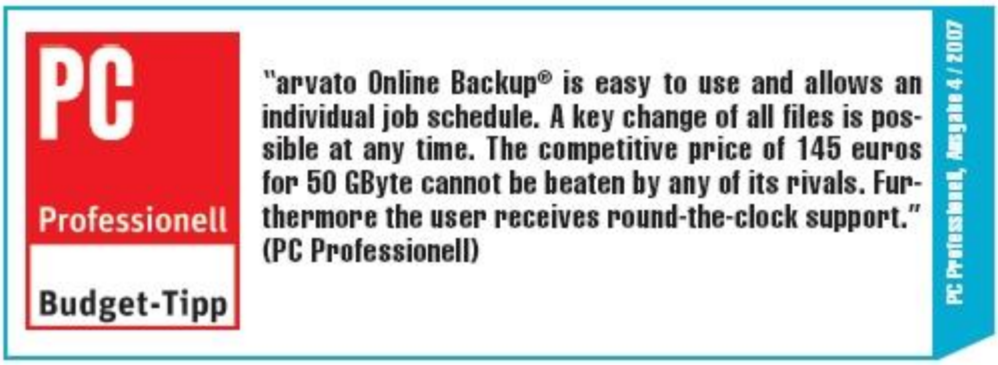
Core Enterprise Solutions

HiFreezer	HiBack
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 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





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 2008 MultiCom Software Oy achieved a double digit revenue growth and the profit rose super proportionally. MultiCom Software Oy has been profitable for years. MultiCom can be reached at www.multicom.fi.

Referenzen

Capgemini CONSULTING.TECHNOLOGY.OUTSOURCING sonera DataInfo

TietoEnator UPM Crescom

Zuerich Finanzkontor AG

Zürich Finanzkontor AG (Shareholding <10%) invests in severely undervalued assets of all kinds. Its broadly diversified portfolio, which covers all asset classes such as equities, bonds, property, shipping partnerships, precious metals and commodities, is intended to offer an above-average medium to long-term return at lower volatility and minimal risk.

The company invests in publicly listed and non-listed asset classes. Zürich Finanzkontor AG is therefore able to purchase shares in the secondary market for shipping partnership interests and property for instance. But attractive pre-IPO investments, i.e. companies preparing for a flotation, can also be included in the portfolio. This means there are no barriers to an optimal portfolio allocation and the company can respond flexibly in all market phases.

As a shareholder of Zürich Finanzkontor AG one does not have to worry about rebalancing the portfolio and benefits from the fact that the work is carried out by real professionals. As the company is based in Switzerland, all transactions to redeploy capital within Zürich Finanzkontor AG can be performed in a tax-efficient manner. Zürich Finanzkontor AG can be reached via www.zfk-ag.ch.

Management, Board of Directors

As of December 31, 2008, the Management and the Board of Directors at Novavisions' Group 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 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.

Management

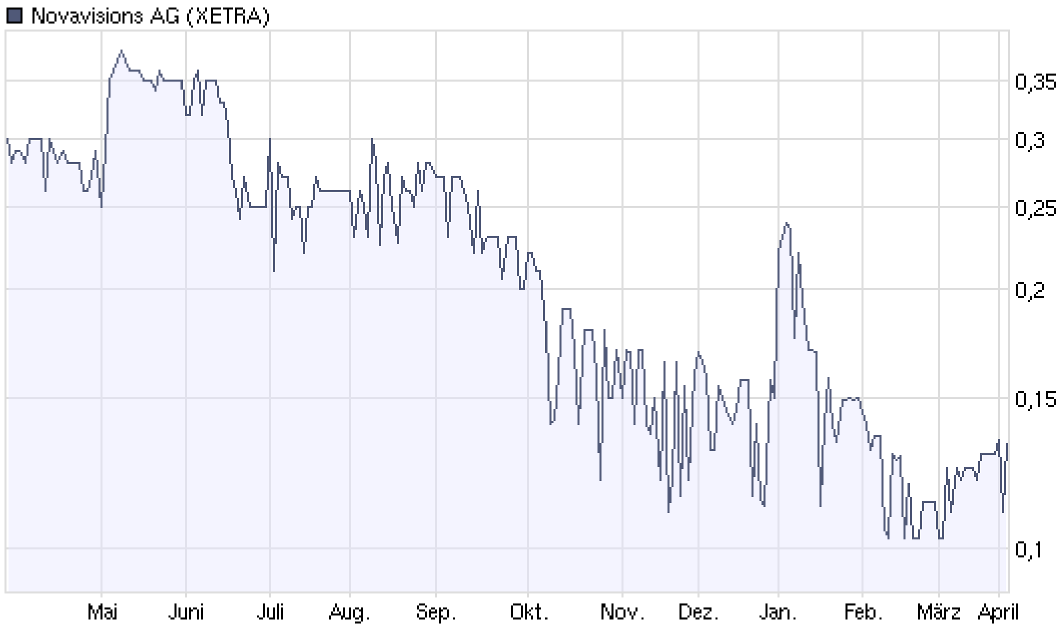
Adrian Knapp, Chief Executive Officer
Jean-Christophe Probst, Chief Financial Officer

NOVAVISIONS SHARES

The share price of Novavisions has developed as follows:

Highest price (Xetra) 06.05.08: EUR 0.40
Lowest price (Xetra) 25.02.09: EUR 0.10

Prime Standard (12 months)



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 by e-mail to investorrelation@novavisions.com.

FINANCIAL YEAR 2008

Consolidated Balance Sheet (IFRS)

		31.12.08	31.12.07
ASSETS		EUR	EUR
Long-term assets			
Tangible fixed assets	E4	23'327	40'338
Investments	E4, E5	655'639	516'194
Investments in associated companies	E6	278'073	205'884
Long-term assets from continued operations		**957'039**	**762'416**
Short-term assets			
Short-term loans	E3	202	1
Accruals and other short-term assets	E2	9'426	118'739
Liquid resources		4'217	60'322
Short-term assets from continued operations		**13'845**	**179'062**
Assets from continued operations		**970'884**	**941'478**
Assets from discontinued operations		**7'863'674**	**7'756'288**
Assets, total		**8'834'558**	**8'697'766**

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

CONSOLIDATED BALANCE SHEET (IFRS)

EQUITY & LIABILITIES		31.12.08 EUR	31.12.07 EUR
Equity capital			
Subscribed capital	E 17	5'472'299	5'472'299
Capital reserve		4'118'974	7'278'324
Own shares		0	-41'650
Retained earnings		-5'250'596	-7'613'724
Cumulative exchange rate difference		364'804	-104'633
Equity attributable to shareholders of Novavisions AG		**4'705'481**	**4'990'616**
Minority interest		0	20'935
Equity capital, total		**4'705'481**	**5'011'551**
Long-term liabilities			
Bonds	E 11 / E 15	1'037'265	698'537
Long-term provisions	E 12	132'830	344'071
Deffered tax liabilities		251'765	0
Long-term liabilities from continued operations		**1'421'860**	**1'042'608**
Short-term liabilities			
Accounts payable from sales & services		46'127	14'538
Short-term provisions	E 8	270'347	214'774
Other accounts payable	E 9	83'466	10'241
Accruals	E 10	146'977	108'397
Short-term liabilities from continued operations		**546'917**	**347'950**
Liabilities from continued operations		**1'717'012**	**1'390'558**
Liabilities from discontinued operations		**2'412'065**	**2'295'657**
Liabilities, total		**4'129'077**	**3'686'215**
Equity and liabilities, total		**8'834'558**	**8'697'766**

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

CONSOLIDATED INCOME STATEMENT (IFRS)

		01.-12.08	01.-12.07
		EUR	EUR
Net gains from associated companies	F 1	55'881	0
Dividend income	F 1	20'527	0
Interest income	F 1	46'643	41'949
Net foreign exchange gains	F 1	119'032	0
Income from sale of fixed assets		118	0
Other income	F 1	158'162	236'401
Operating income	F 1	**400'363**	**278'350**
Net loss from investments	F 2	-554'046	-1'587'682
Net loss from associated companies	F 2	0	-30'194
Interest expense	F 2	-92'877	-144'731
Net foreign exchange losses		0	-27'026
General and administrative expenses	F 2	-811'410	-1'157'466
Operating expenses	F 2	**-1'458'333**	**-2'947'099**
Earnings before taxes and depreciation		**-1'057'970**	**-2'668'749**
Depreciation		-20'918	-21'614
Earnings before taxes		**-1'078'888**	**-2'690'363**
Income taxes	F 4	-236'413	0
Profit/Loss from continued operations		**-1'315'301**	**-2'690'363**
Profit/Loss from discontinued operations		**274'330**	**404'477**
Total profit/loss for the period:		**-1'040'971**	**-2'285'886**
of which attributable:			
to shareholders		-1'020'036	-2'253'966
to holders of minority interests		-20'935	-31'920
Earnings per GDR	F 5		
undiluted			
continued operations		-0.05	-0.08
discontinued operations		0.01	0.01
diluted			
continued operations		-0.05	-0.08
discontinued operations		0.01	0.01
Average of GDR's in circulation:			
undiluted		24'077'470	33'334'110
diluted		24'077'470	33'334'110

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

CONSOLIDATED CASH FLOW STATEMENT (IFRS)

	01.-12.08	01.-12.07
	EUR	EUR
Earnings before taxed	-1'078'888	-2'690'363
Depreciation fo fixed assets and amortisation of intangable assets	20'918	21'614
Adjustment on investments	554'046	2'043'951
Discounting of bonds	-145'336	-109'138
Financial revenue associated companies	-55'881	30'194
Financial revenue	-93'325	129'808
Gain on sale of fixed assets	-118	0
Gain on sale of investments	0	-456'269
Change in current assets	109'113	67'952
Change in accounts payable for goods and services	31'589	3'249
Change in other short-term borrowings	100'588	-47'415
Changes in provisions	-155'371	-115'492
Adjustments of IC eliminations discontinued operations	165'626	228'857
CASH FLOW FROM OPERATING ACTIVITIES	**-547'039**	**-893'052**
Investment in fixed and intangible assets	-657	-5'261
Purchase of investments	0	-182'470
Proceeds of investments	54'000	488'639
Granting/Repayment of loans	3'597	448'704
Interest received	537	145
Dividend received	20'527	0
CASH FLOW FROM INVESTMENT ACTIVITIES	**78'004**	**749'757**
Net revenue from capital contribution	0	-36'712
Sale of own shares	29'268	0
Repayment of bonds / loans	449'000	-400'000
Interest paid	-61'355	-79'041
CASH FLOW FROM FINANCING ACTIVITIES	**416'913**	**-515'753**
Foreign exchange differences	-3'983	-11'946
NET CHANGE IN CASH AND CASH EQUIVALENTS	**-56'105**	**-670'994**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOID	**60'322**	**731'316**
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**4'217**	**60'322**

CASH AND CASH EQUIVALENTS FROM CONTINUED OPERATIONS

NET CHANGE IN CASH AND CASH EQUIVALENTS	**-56'105**	**-670'994**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**60'322**	**731'316**
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**4'217**	**60'322**

CASH AND CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS

NET CHANGE IN CASH AND CASH EQUIVALENTS	**274'895**	**-203'241**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**538'930**	**742'171**
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**813'825**	**538'930**

The notes on „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 31.12.06	**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 directly 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	0	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 interest	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**
Exchange rate difference	0	0	0	0	454'085	0	454'085
Net costs directly recognised in equity	0	0	0	0	454'085	0	454'085
Result for period	0	0	0	-1'020'036	0	-20'935	-1'040'971
Total net income			0	-1'020'036	454'085	-20'935	-586'886
Increase in capital	0	0	0	0	0	0	0
Cost of increase in capital	0	208	0	0	0	0	208
Appropriation of net result	0	-3'159'558	0	3'159'558	0	0	0
Sale of own shares	0	0	41'650	-12'807	0	0	28'843
Balance 31.12.08	**5'472'299**	**4'118'974**	**0**	**-5'487'009**	**349'452**	**0**	**4'453'716**

The share capital as of December 31, 2008 is CHF 8‘427‘114.50 divided into 2’407’747 bearer shares of CHF 3.50 each which is converted at historical cost.

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.

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

SEGMENT REPORTING

Novavisions‘ operations consist of one segment. Therefore no segment reporting is available.

Discontinued operations are presented from a geographical perspective. On this 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 Board of Directors 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 Board of Directors on 9 April 2009.

B ACCOUNTING RULES

The consolidated financial statements for Novavisions AG are based on uniform accounting and measurement principles. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated accounts are generally based on the historic cost principle (purchase or production costs to the group). For certain assets fair value is used from the outset. The Group does not currently hold any such assets or liabilities, however, or any derivative financial instruments.

Preparing consolidated financial statements in accordance with IFRS requires estimates to be made. The application of uniform accounting and measurement methods across the Group also makes management assessments necessary. Estimates for which there is a significant risk that the financial statements may need to be restated within twelve months, as well as other far-reaching judgements are listed under D 23 below.

Recently applicable International Financial Reporting Standards

Since 1 January 2008 the following new and/or amended IFRS and IAS standards apply:

IFRIC 11	Group and treasury share transactions under IFRS 2
IFRIC 12	Service concession agreements
IFRIC 14 to IAS 19	The limit on a defined benefit asset, minimum funding requirements and their interaction
IAS 39	Financial instruments: recognition and measurement and IFRS 7 – financial instruments: disclosures

These changes had no financial effects on the present financial statements.

International Financial Reporting Standards (IFRS) applicable in future

The following new and revised standards and interpretations have been adopted but only come into force at a later date and have not been applied in advance for the present financial statements. Their effects on the consolidated financial statements for the Group have not yet been analysed systematically, so that the expected effects mentioned only represent an initial assessment on the part of group management.

Effective and applicable from the 2009 financial year
The introduction of the following standards is material to the consolidated accounting for the group:

IFRS 8	Operating segments (replaces IAS 14) The standard redefines segment reporting and requires disclosure of explanatory information on the operating segments, on the products and services provided, geographic distribution and significant customers. The Group expects additional disclosures but no fundamental change in the definition of segments.
IAS 1 (amended)	Presentation of financial statements. The main change is a clearer distinction between earnings-related changes in equity and transactions with shareholders.

The introduction and/or amendment of the following standards is not expected to have any material effects on the consolidated financial statements for the Group:

IFRS 2 (amended)	Share-based remuneration
IAS 23 (amended)	Borrowing costs
IFRS 1 (amended)	Initial application
IFRIC 13	Customer loyalty programmes
IFRIC 15	Agreements for the construction of real estate
IFRIC 16	Hedges of a net investment in a foreign operation under IAS 39
IAS 32 (amended)	Financial instruments: presentation

Effective and applicable from 2010 financial year or later
The introduction of the following standard could be material to future consolidated financial statements for the Group:

IFRS 3 (amended)	Business combinations. The main changes relate to the accounting for ancillary acquisition costs, which are now to be recognised in the income statement as an expense, the measurement of minority interests, the recognition of acquisitions achieved in stages and accounting for contingent purchase price components.

For the following standards the effects on the consolidated financial statements for the Group cannot yet be determined with sufficient certainty:

IAS 27 (amended)	Consolidated and separate financial statements under IFRS
IAS 39	Financial instruments: recognition and measurement including provisions on the use of the fair value option
IFRIC 17	Distributions of non-cash assets
IFRIC 18	Transfers of assets from customers

C CONSOLIDATION PRINCIPLES

1. Consolidated group

The consolidated financial statements are made up of the separate financial statements of Novavisions AG and those of the domestic and foreign companies it directly or indirectly controls (subsidiaries). The means of control is the voting majority. The financial statements of group companies are consolidated in full, i.e. assets, liabilities, income and expenses are included in their entirety. Minority interests in the equity and the net profit of subsidiaries are shown separately if applicable.

Equity interests in companies in which the Group can exercise a significant influence on operating and financial decisions (associated companies) are accounted for using the equity method. The acquisition costs are offset by changes in equity attributable to the share of capital in the company (see consolidated income statement). Significant influence normally exists when an investor holds a voting share of at least 20%. A company is consolidated for the first time from the acquisition date (change of control) or the date of establishment during a financial year. After a disposal the company is consolidated up to the date of the change of control in significant cases (in the case of a liquidation; up to the date of liquidation).

The consolidated group includes the following companies:

Name / Headquarters	*Country*	*Share*	*Capital Stock*		*Consolidation method*
Novavisions AG, Rotkreuz	Switzerland		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)
Multicom Software Oy, Lappeenranta	Finland	40%	EUR	166'912	Equity Method
Mount10 PCM GmbH, Rotkreuz	Switzerland	24%	CHF	55'000	Equity Method
Dynavisions GmbH, Gauting	Germany	46%	EUR	28'000	Equity Method

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

2) Dynavisions GmbH filed for insolvency in December 2008 and has not been consolidated in 2008 because of lack of data.

The comparable figures for the previous year and the first quarter 2008 the group of consolidated companies also contain the following companies:

Zürich Finanzkontor AG (Risch), Rotkreuz	Switzerland	4%	CHF	1‘788‘800	Full consolidation 3)

3) In 2008 the company’s operations have been consolidated in the income statement up to 31 March. The balance sheet items have been deconsolidated as of 1 April 2008, as the majority interest in the company was sold in March 2008. From this point on the company has been held at fair value.

2. Reporting date

All consolidated companies close their annual financial statements on 31 December.
The fully consolidated separate financial statements for the consolidated companies are prepared on a uniform basis in accordance with the following recognition and measurement principles. The reporting date is 31 December throughout. The presentation currency for the Group is the euro (EUR). The balance sheets of foreign subsidiaries are translated at year-end exchange rates, their income statements at average rates for the year from their functional currency into CHF. The resulting translation differences are recognised directly in equity; the cumulative total is shown sepa-

rately. Cash flow statements are translated at average rates for the year. The resulting translation differences are recognised in the reconciliation with net cash and cash equivalents. Goodwill and revaluation effects from the acquisition of a foreign subsidiary are measured in the functional currency and translated as for the separate financial statements. On disposal of a foreign subsidiary the translation differences previously accumulated in equity are recognised in profit and loss. The most recent accounts for commercial law purposes generally have to be used for the equity method. Currency translation takes place as above if necessary.

Exchange rates

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

in EUR	ISO-Code	Unit	**2008**		**2007**	
			31.12.	Average	31.12.	Average
Swiss Francs	**CHF**	1	1.4860	1.5825	1.6542	1.6448
US-Dollar	**USD**	1	1.3920	1.4702	1.4600	1.3722

3. Consolidation methods

Transactions between group companies, the resulting receivables and liabilities as well as interim profits contained in assets from within the Group are eliminated. Acquisitions are accounted for under the purchase method. At initial consolidation the identifiable net assets and contingent liabilities of the relevant company are recognised at their fair values as of the acquisition date (including minority interests). A positive difference between the Group's share of the revalued equity and the acquisition costs of the acquisition is recognised as acquired goodwill. This is subjected to an impairment test annually or more frequently if there is an indication that it may be impaired. For this purpose goodwill is attributed to a cash-generating unit (the smallest identifiable group of assets which generates cash independently of other assets) from the acquisition date. The impairment test consists of comparing the higher of fair value less costs to sell and value in use for each cash-generating unit with the carrying amount of the net assets plus attributed goodwill in the consolidated financial statements as of the same date. Novavisions AG makes the comparison with values in use, as fair values less costs to sell cannot be reliably determined. Any impairment is recognised in profit and loss and shown separately. It is not reversed if the impairment ceases to exist. If additional shares are acquired in an existing subsidiary this is not treated as an acquisition but as a transaction with minority shareholders. Any difference between the acquisition costs of these shares on the acquisition date and the pro rata share of additional equity (in the financial statements of the company for consolidation purposes, i.e. without revaluation) is offset against capital reserves. If shares in an existing subsidiary are sold, the difference between the proceeds for these shares as of the sale date and the pro rata share of company equity is recognised in profit and loss, i.e. in the income statement. Deferred variable purchase price components are revalued as of the reporting date. Measurement differences due to a different assessment of the deferred purchase price component which will be payable are recognised by restating goodwill accordingly. Interest is recognised as a financial expense in the income statement. Under the equity method the capital consolidation takes place in a separate account. There is no revaluation and no other consolidation procedures, as the information required is generally not available. As of the reporting date the investee company is reviewed for indication of impairment and if appropriate subjected to an impairment test as described above. Any impairment is recognised in the financial result. The difference from capital consolidation (goodwill) is subject to a separate impairment test as it is part of the carrying amount for the investment. If the associated company is over-indebted the equity method is no longer applied as the Group has no obligation to make good losses (i.e. the carrying amount for the investment is zero).

D ACCOUNTING PRINCIPLES

1. Change in 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.

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 reporting 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.

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 6, E 19 and H 7.

8. Financial investments

Financial investments are divided into financial assets and liabilities held at fair value through profit and loss, financial investments held to maturity, loans and receivables and financial assets available for sale.

The assets and liabilities held at fair value through profit and loss are either held for trading or explicitly classified as such. The financial investments held for trading are purchased with the aim of earning a profit on short-term price fluctuations. The financial investments held to maturity are financial assets with a fixed term which the Group is able and willing to hold to maturity.

The available-for-sale financial assets are non-derivative financial instruments which are either assigned to this category or do not belong to another category. Following initial recognition, financial investments and loans and receivables held to maturity are carried at amortised cost using the effective interest method. The available-for-sale financial investments are carried at fair value following initial recognition and changes recognised in equity. Permanent and ongoing impairments are recognised in profit and loss.

All financial instruments are initially recognised at fair value including transaction costs. All purchases and sales are recognised on the settlement date (i.e. the date on which the asset is transferred) as realised net gains or losses on assets. Following initial recognition the financial assets and liabilities at fair value through profit and loss are carried at fair value and changes are shown as unrealised net gains or losses in the appropriate reporting period.

The fair value of publicly listed financial instruments is based on available listed prices. If financial instruments are not traded on an active market alternative valuation methods are used. These refer to recent transactions between willing and independent third parties or cash flow valuations or similar. Minority interests are carried at fair value if they have not historically been accounted for under the equity method as associated companies.

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.

NOVAVISIONS AG

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 Intangible assets

Intangible assets (except goodwill, see consolidation methods) are capitalised at acquisition or production cost, and are generally subject to linear depreciation over their anticipated useful life.

The depreciation periods applying are as follows:

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

Currently no temporally determined intangible assets exist.

13.4 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).

13.5 Non-current assets held for sale

Non-current assets held for sale are reclassified and restated at fair value through profit and loss if this is lower than the carrying amount.

13.6 Impairment (except Goodwill)

Intangible assets (except goodwill) and items of property, plant and equipment are examined for indications of impairment as of the reporting date. If necessary the carrying amount of these assets is compared with the higher of its fair value less costs to sell or value in use. Any impairment is recognised in profit and loss and disclosed separately. If the value subsequently and demonstrably increases the impairment is reversed through profit and loss.

14. Liabilities

Liabilities are initially recognised at market value and subsequently at amortised cost. Liabilities in foreign currencies are translated at the rate on the reporting date and difference due to exchange rate movements recognised in profit and loss.

For the purposes of subsequent measurement the following categories of financial instruments as liabilities are distinguished:

Financial liabilities at fair value through profit and loss
These include financial liabilities designated as at fair value through profit and loss on initial recognition. Changes in fair value in the reporting period are recognised in the financial result.

Liabilities held at amortised cost
These are measured at amortised cost using the effective interest method.

Financial liabilities designated as hedged items
If the conditions for using hedge accounting are met, hedged items and hedging instruments are accounted for so that changes in their respective fair values offset one another. The Group does not use hedge accounting.
On recognition financial liabilities are fundamentally held at fair value (plus direct transaction costs if applicable - except for items held at fair value through profit and loss).
The Group currently only holds the following categories:

Loans and receivables
To the extent that the consolidated financial statements include partnerships under German law the partners' termination rights under statute and the partnership agreement do not allow for equity to be recognised in line with IAS 32. In this case the Group recognises the net asset value attributable to the partners as measured at fair value within liabilities.

Liabilities measured at amortised cost
These correspond to accounts payable and other liabilities in the balance sheet. Accounts payable and other liabilities are always current liabilities. The classification as current or non-current liabilities depends on whether they are payable within one year or longer. Nominal values are equivalent to amortised cost. Fair values are roughly equivalent to the carrying amounts as they largely correspond to the estimated outflow of resources (apart from the effect of discounting), the terms are market standard and the Group is capable of making interest and principal repayments as agreed.

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. Provisions

Provisions 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 statements certain estimates and assumptions must be made which affect the balance sheet assets and liabilities, the disclosure of other obligations on the reporting date and the recognition of income and expenses during the reporting period. The actual amounts can vary from the estimates.

Going concern:
The consolidated financial statements have been established based on the principle of going concern. The going concern is widely depending on the covering of the liquidity needs (see Notes E 15.1 and H5).

Wide-ranging uncertainty with estimates:
Quantifying the effects of uncertainty (sensitivity analysis) for the following estimates is barely feasible. However, it cannot be ruled out that adjustments made in response to actual events will have a material effect at short notice on the balance sheet items affected.

Impairment test of goodwill:
This requires an estimate of the value in use of the cash-generating units to which the acquired goodwill has been attributed. This requires a number of assumptions to be made - as with every company valuation on the basis of future cash flows (see Note 6). Expectations concerning future performance and changes to individual parameters affect the result: under certain circumstances this alone can cause an impairment.

Impairment of intangible assets (except goodwill), items of property, plant and equipment or equity interests in associated companies:
A judgement must be made as of the reporting date as to whether there is an indication of impairment. If this is the case, the higher of fair value less costs to sell and value in use is to be compared to the carrying amount in the consolidated financial statements. To estimate value in use - on the basis of future cash flows - estimates must be made. Under certain circumstances changes in these alone can result in an impairment.

Current and deferred income taxes:
The amount and existence of postponed and deferred taxes depends on legal interpretations, the estimate of taxable profit in the reporting year, the tax rate (e.g. progressive rates), assessment procedures, future taxable profits and future legal changes. For deferred tax assets the future taxable profit also has to be estimated. If things turn out differently, this has an effect on future tax expenses.

Share-options:
The fair value of share options issued to employees and executives are recognised as payment on the date of distribution. On calculation of the fair value of the share options has bee renounced as the exercise price is far out of the money.

Miscellaneous:
Elsewhere too, accounting is often dependent on estimates (e.g. the course of business in investee companies, useful life of intangible assets and items of property, plant and equipment, amounts of provisions or contingent liabilities.

20 Financial risk

20.1 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.
As of 31 December 2008 no credit lines existed

20.2 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.

20.3 Measurement risk

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

20.4 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.

20.5 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 15).

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

21. Management of capital

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 60% is aspired to.

The equity ratio as of 31.12.2008 is 50,4% (as of 31.12.2007: 57.6%).

E NOTES ON THE BALANCE SHEET

	31.12.08	31.12.07
	EUR	EUR

1. Cash and cash equivalents

Cash and cash equivalents	4'217	60'322
Total	4'217	60'322

Average interest on CHF bank current accounts was 0.125% (2007: 0.125%). EUR bank current accounts had an average interest of 0.25% (2007: 0.25 %).

2. Accruals and other current assets

Tax receivables	26	14'091
Receivables from social establishments	2'454	23'278
Other receivables	0	72'543
Accruals	6'946	8'827
Total	9'426	118'739

As per 31.12.2008 the accruals for not yet invoiced services amounted to EUR 6'946 (2007: EUR 8'827 for other accruals). As of 31.12.2007 other receivables contained the last of a deferred payment.

3. Current loans

Third party loans	1	0
Loans to associated companies	201	1
Total	202	1

In 2008 a current loan of EUR 200 was made to Mount10 PCM GmbH. It will be paid back in 2009.

In 2007 a current loan receivable of EUR 630,687 was owed by Dynavisions GmbH, which was written down to EUR 1 as of 31 December 2007.

In 2008 a loan receivable of EUR 160,816 were owed by Dynavisions Schweiz AG. Since 31.03.2008 Novavisions has no longer held the majority of this company, the loan was reclassified under continuing operations and was treated as being owed by a third party.

As from today's perspective this loan is unlikely to be recovered it has been fully written off.

The interest rate on all loans was 6% both in the reporting period and the previous year.

4. Tangible assets, intangible assets, goodwill

Acquisition costs in EUR	Tangible assets	Intangible assets	Goodwill	Total
January 1, 2007	**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
December 31, 2007	**487'939**	**0**	**516'194**	**1'004'133**
Additions	700	0	0	700
Disposals	0	0	0	0
Currency difference	55'230	0	58'428	113'658
December 31, 2008	**543'869**	**0**	**574'622**	**1'118'491**

Value adjustments in EUR	Tangible assets	Intangible assets	Goodwill	Total
January 1, 2007	**1'163'053**	**207'496**	**0**	**1'370'549**
Reclassification to discontinued operations	-724'564	-207'496	0	-932'060
Annual depreciation	21'614	0	0	21'614
Currency difference	-12'502	0	0	-12'502
December 31, 2007	**447'601**	**0**	**0**	**447'601**
Annual depreciation	20'918	0	0	20'918
Currency difference	52'023	0	0	52'023
December 31, 2008	**520'542**	**0**	**0**	**520'542**

Book value in EUR	Tangible assets	Intangible assets	Goodwill	Total
January 1, 2007	**171'752**	**1'655'878**	**5'096'827**	**6'752'705**
December 31, 2007	**40'338**	**0**	**516'194**	**516'194**
December 31, 2008	**23'327**	**0**	**574'622**	**574'622**

Tangible assets consist of office furniture and equipment, incl. tenant fixtures of EUR 18’944 (2007: 30’315) and computer equipment of EUR 4’383 (2007: 10’023).

	31.12.08 EUR	31.12.07 EUR

5. Non-current assets

Goodwill	574‘622	516‘194
Third party investments	81‘017	0
Total	655‘639	516‘194

Impairment testing for goodwill

The impairment tests took place at the end of the reporting year on the basis of the companies' ten-year financial planning. For the period from year 5 the nominal amount from year 4 is capitalised at a conservatively estimated growth rate. For the 2008 impairment testing these growth rates were from 0% to 1% (2007: 0% to 1%). The cash flow forecasts are based on the relevant growth expectations and operating results of the respective 5 year plans of the companies approved by the Board of Directors.

The parameters on which these calculations are based come from publicly available financial databases. Sensitivity analyses for changes in these assumptions of +/- 5% have been made and did not result in any impairment.

The calculation is based on the following assumptions:

in EUR	growth rate	interest rate	Book value 31.12.08	Book value 31.12.07
Germany	3%	10.4%	2'090'646	1'878'068
Finland	4%	9.5%	574'622	516'194
USA	4%	9.0%	2'844'832	2'559'870
Total goodwill			5'510'100	4'954'132
of which continued activities			**574'622**	**516'194**

The company valuations measured using a DCF model did not require goodwill to be restated in 2008 or 2007.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.

7. Associates

Start of the period	205‘884	148’263
Exchange rate difference	16‘308	-4‘185
Additions	0	92‘000
Disposals	0	0
Financial earnings of associates	55‘881	-30‘194
End of period	278‘073	205‘884

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.

	31.12.08 EUR	31.12.07 EUR

Financial information of Multicom Software Oy:

Assets	2‘201‘672	1‘537‘803
Liabilities	1‘558‘274	969‘714
Equity	643‘398	568‘089
Revenue	4‘446‘413	3‘173‘196
Annual result	125‘842	153‘252

Financial information of Dynavisions GmbH:

Assets	n/a	1‘024‘466
Liabilities	n/a	2‘284‘815
Equity	n/a	-1‘260‘349
Revenue	n/a	94‘399
Annual result	n/a	-739‘835

Due to the insolvency of Dynavisions GmbH, no values are available for 2008.

Financial information of Mount10 PCM GmbH:

Assets	87-912	41‘389
Liabilities	18‘369	4‘977
Equity	69‘543	36‘412
Revenue	2‘38‘810	34‘579
Annual result	22‘721	16‘562

7. Deferred taxes

Beginning of period	0	2‘636
Reclassification to discontinued operations	0	-2‘636
Currency difference	15‘352	0
Current period	236‘413	0
End of period	251‘765	0

The deferred taxes concern the following balance sheet items:

Investments	142‘168	0
Provisions	67‘285	0
Bonds	43‘312	0
Total	251‘765	0

	31.12.08 EUR	31.12.07 EUR

Deferred tax credit from carryovers from the years 2007 to 2008 amounting to EUR 15.4 million are not carried as assets on the balance sheet. The tax usability of the carryovers expires as from 2009. The full usage of not activated carryovers would have a positive effect on taxes of up to EUR 2.3 million (2007: EUR 1.3 million).

2009	6‘097‘245
2010	55‘895
2011	22‘572‘637
2012	0
2013	3‘218‘830
2014	2‘172‘981
Later	1‘294‘725
Total	15‘422‘313

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

Other liability reserves	270‘347	214‘774
Total	270‘347	214‘774

Development:

Beginning of period	214‘774	0
Exchange rate difference	0	0
Creation (reclassificaiton of short-term reserves)	223‘226	214‘774
Draft	-167‘653	0
End of period	270‘347	214‘774

In 2008 EUR 167‘653 was used from current provisions for the payment of an out-of-court agreement achieved in 2007 (2007: see E12). As of 31 December 2008 provisions were re-classified in this respect to the amount of the payments due in 2009 from non-current to current (see also E12 and F2).

9. Other accounts payable

Welfare liabilities	3‘966	0
VAT	31‘921	0
Other accounts payable	47‘579	10‘241
Total	83‘466	10‘241

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

	31.12.08 EUR	31.12.07 EUR

10. Deferred liability items

Wages, staff, social security benefits	78‘446	26‘484
Auditing & consulting	21‘030	55‘616
Interest expenses	27‘107	13‘904
Other accruals	20‘394	12‘393
Total	146'977	108‘397

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.

11. Bonds

Convertible bond	142’155	698’537
Bond with performance tracker	895’110	0
Total	1’037’265	698’537

On 17 June 2008 a bond was issued with a nominal value of EUR 960,000. It was increased by EUR 120,000 on 11 September 2008. The term of the bond is from 17 June 2008 to 16 June 2011 and it pays interest of 4%.

An early repayment of EUR 641,000 was made on 16 June 2008 on the convertible bond with a nominal value of EUR 800,000 extended on 20 October 2007, with a term from 20 October 2007 to 19 October 2010 and paying interest of 7%.

The carrying amounts have been discounted to their present value. The effective interest rate is 10.6% (2007: 12.9%).

A total of 151,429 options for co-ownership shares (GDRs) were issued in connection with the convertible bond. This corresponds to a strike price of EUR 1.05 per GDR. The options can be exercised up to 19 October 2010.

12. Non-current provisions

Beginning of period	344‘071	674‘336
Currency difference	0	-17'259
Creation	12‘282	393‘738
Use	0	-465'306
Reversal (re-classification to non-current provisions)	-223‘523	-241‘438
End of period	132‘830	344'071

Provisions have been made for claims in connection with impending litigation. They have been discounted and cover the expected costs.

The non-current provisions result from the discounting effect and the reversal from the reclassification as current provisions (see also E 8 and F 2).

In 2007 non-current provisions of EUR 465,306 were used. Of the total, EUR 364,867 were used for an out-of-court settlement.

	31.12.08 EUR	***31.12.07 EUR***

Maturity structure:

Falling due within 1 year and 5 years	132‘830	344‘071
Total of non-current provisions	132‘830	344‘071

13. 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)	4‘217	60‘322
Total of cash and cash equivalents	4‘217	60‘322

Fixed term deposits	0	0
Trade receivables	0	0
Loans	202	1
Other receivables *)	6‘946	104‘648
Total of loans and receivables	7‘148	104‘649

Trade liabilities	46‘127	14‘538
Convertible bond	1‘249‘000	800‘000
Other current / non-current liabilities	592‘133	686‘561
Liabilities valued at going concern rates	1‘887‘260	1‘501‘099

*) The balance sheet item advance payments and other current assets includes receivables of EUR 2,480 (2007: EUR 14,091) from tax and social security authorities, which do not fall under IAS 39 and are therefore not included in this table (E 2).

14. 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 2008**	**Total 2007**
Convertible bond	0	142’155	142’155	698‘537
Bond with performance tracker	0	895’110	895’110	0
Total	0	1’037’265	1’037’265	698‘537

	31.12.08 EUR	31.12.07 EUR

15. Financial risks

15.1 Liquidity risk

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

December 31, 2008

	Total	Up to 1 year	1 to 3 years	More than 3 years
Liabilities from goods and services	46‘127	46‘127	0	0
Bonds	1‘402‘060	54‘730	1‘347‘330	0
Other short-term / long-term liabilities	825‘315	604‘353	220‘962	0
Liabilities valued at continuous purchase cost	2‘273‘502	705‘210	1‘568‘292	0

December 31, 2007

	Total	bis 1 Jahr	1 bis 3 Jahre	über 3 Jahre
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

Despite selling shares in Zürich Finanzkontor AG (previously Dynavisions Schweiz AG) and issuing another bond, the cash flow bottleneck has still not been resolved. Nevertheless, the Board of Directors and management are convinced that the strategy adopted in mid 2007 of selling majority stakes will cover the medium-term funding requirement. There are currently still no binding offers for the main majority stakes, however, so that it is not possible to make a final assessment of how high the cash inflow will be and when it will take place.

15.2 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.

If it should become necessary to sell this investment quickly in order to overcome the cash flow bottleneck or due to other unforeseeable constraints, this could lead to considerable write-downs and/or losses on disposal.

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.

	31.12.08 EUR	***31.12.07 EUR***

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

Short-term assets	1‘521‘973	1‘734‘047
Tangible fixed assets	52‘199	112‘941
Intangible assets	1‘391‘196	1‘690‘762
Goodwill	5‘510‘100	4‘954‘132
Associated investments	278‘073	205‘884
Third party investments	81‘017	0
Total	8‘834‘558	8‘697‘766

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 capitalised development costs, software and trademarks are amortised on a straight-line basis in accordance with accounting principles and regularly reviewed for impairment

15.3 Risk of default

The maximum risk of default 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:

Loans	202	1
Other debts *)	6‘946	104‘648
Total loans and debts	7‘148	104‘649

*) Without tax returns and wellfare debts.

15.4 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 31 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***
2008			
Exchange rate trends on balance sheet positions in:	**CHF**	**USD**	**EUR**
5%	0	-157	-72‘019
-5%	0	157	72‘019

Impact on equity in

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

The following table shows the sensitivity of equity. A change in equity invested in Swiss Francs and US dollars as of 31 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.

2008

Exchange rate trends on invested equity in:	CHF	USD
5%	231‘656	-17‘827
-5%	-231‘656	17‘827

2007

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

16. Equity

Share capital

The share capital of CHF 8,427,114.50 is, as of 31st December 2008, 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 2008.
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

A resolution was taken at the Shareholders’ Meeting held on 5 May 2008 to authorise capital of CHF 3,500,000, so that up to 4 May 2010 share capital can be increased by a maximum of 1,000,000 bearer shares.

Capital reduction

At the ordinary Shareholders’ Meeting held on 18 June 2007 a resolution was taken to reduce ordinary share capital by CHF 5,611,231.50 to CHF 8,427,114.50 by abolishing 1,603,209 bearer shares. The repayment of share capital took place by waiving the right to take over 54% of the total shares in Dynavisions GmbH.

17. Sale of company shares

Zürich Finanzkontor (Risch) AG (previously: Dynavisions Schweiz AG)

In 2008 a total of 38.3% (2007: 18.2%) of the shares in Dynavisions Schweiz AG were sold. The stake in this company was diluted to 4.3% by the reduction in nominal value and subsequent capital increase in December 2008.

18. Merger (2007)

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.

	31.12.08 EUR	31.12.07 EUR

19. Related parties

In 2008 Novavisions granted a loan of EUR 200 to Mount10 PCM GmbH. Apart form that, only di-continued activities conducted transactions with associated companies in 2008 as well as 2007 (equity valuation).

Total remuneration for group management:

	Salaries incl. social costs	Pension costs	Total
2008:	EUR 250'551	EUR 17'527	EUR 268'078
2007:	EUR 205'009	EUR 14'834	EUR 219'843

Board of directors remuneration:

2008:	EUR 27'673
2007:	EUR 35'700

Neither in the actual reporting year 2008 nor in the previous year share based payments were offered.

Risk evaluation

The Board of Directors has treated the theme of risk appreciation and charged the management with its implementation. Novavisions AG as Holding is fully integrated in the process of risk evaluation of its subsidiaries. It is not the aim to avoid all risks, but to create opportunities to take advantage of existing possibilities to improve business success. The risk management supports the achievement of the business goals creating transparency of the risk situation, revealing possible threats to the assets, profits and financial situation and by reducing the risks to an acceptable level. Through the risk evaluation process the Board of Directors of Novavisions AG is regularly informed about the determined risks and opportunities.

NOVAVISIONS AG

F NOTES ON THE INCOME STATEMENT

1. Earnings from operations

		2008 EUR	2007 EUR
Net profit from associated companies	E6	55‘881	0
Dividend income		20‘527	0
Interest income		46‘643	41‘949
Gain from exchange rate difference		119‘032	0
Profit from sale of tangible assets		118	0
Other income		158‘162	236‘401
Total earnings from operations		400‘363	278‘350

Dividend income
In the reporting period a dividend of EUR 20‘527 was paid by MultiCom Software Oy.

Interest income
In 2008 the interest income from banks amounted to EUR 537 (2007: EUR 11‘900) and from associated companies EUR 46‘106 (2007: EUR 30‘049).

Other income
In 2008 EUR 145,336 (2007: EUR 109,138) of other income was due to the effect of discounting the new bond and EUR 15,501 (2007: EUR 125,000) to service income.

2. Operating costs

	2008 EUR	2007 EUR
Net losses from assets	554‘046	1‘587‘682
Net losses from associated companies	0	30‘194
Interest paid	92'877	144‘731
Loss from exchange rate difference	0	27‘026
Administration expense	811'410	1‘157‘466
Total operating costs (excluding depreciation)	1‘458‘333	2‘947‘099

Net losses from assets
The net loss contains the following:

	2008 EUR	2007 EUR
Profit/Loss from disposal of shareholdings	-91‘844	456‘269
Value adjustments of shareholdings	-257‘099	-1‘409‘825
Value adjustments of loans	-205‘103	-634‘126
Net losses from assets	-554'046	-1‘587‘682

	2008 EUR	2007 EUR
Banks and other	1‘010	617
Bonds	91‘867	144‘114
Total	92‘877	144‘731

Interest expenses
The interest expenses result from the claim on credit limits and the interest rates for the outstanding convertible bonds. The interest for the overdraft of bank current accounts was 9% in average (2007: 9%).

Currency result
In the business year 2008 there were a total of EUR 119’032 book gains on foreign currencies (2007: EUR -27’026) booked via the income account. The book gains primarily reflect the influence of the exchange rate fluctuations on the loan and bond positions, which are not held in the functional currency of the respective group company.

Administration expenses (excluding depreciation)

Personnel expenses	411‘496	386'235
Office expenses	48‘055	45‘949
Marketing & PR work	59‘827	101‘047
Other administration costs	292‘032	624‘235
Total operating costs (excluding depreciation	811‘410	1‘157‘466

Staff expenses include salaries, profit-sharing, provisions for holiday pay, external staff, training and other staff costs. Changes in foreign currency rates are behind the increase in staff expenses in 2008 compared with the previous year.

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 2008 amounted to EUR 23’383 (2007: EUR 20’217) and the costs for the option plans in the reporting year amounted to EUR 0 (2007: EUR 0).

	2008 EUR	2007 EUR

3. Taxes from income and returns

Ordinary taxes	0	0
Latent taxes	236‘413	0
Total	236‘413	0

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:

Analysis of Income taxes

Pre-tax losses	-1'078'888	-2'690'363
Expected taxable amount	159'028	239'442
Tax rate	*14.7%*	*8.9%*
Tax effects from:		
Not accounted latent taxes	-159'028	-239'442
Tax-neutal revenue	-236'413	0
Tax expenses for group	-236'413	0

4. Result per 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

	31.12.08	31.12.07
A S S E T S	EUR	EUR
Long-term assets		
Tangible fixed assets	28'872	72'603
Intangible assets	6'324'038	6'126'064
Deferred taxes	2'636	2'636
Long-term assets, total	**6'355'546**	**6'201'303**
Short-term assets		
Accruals and other short-term assets	133'794	94'144
Accounts receivable from sales & services	560'509	921'911
Liquid resources	813'825	538'930
Short-term assets, total	**1'508'128**	**1'554'985**
Assets from discontinued operations	**7'863'674**	**7'756'288**

	31.12.08	31.12.07
L I A B I L I T I E S	EUR	EUR
Short-term liabilities		
Accounts payable from sales & services	214'195	84'265
Deferred revenues, advance payments	1'852'632	2'069'081
Other short-term liabilities	345'238	142'311
Short-term liabilities, total	**2'412'065**	**2'295'657**
Liabilities from discontinued operations	**2'412'065**	**2'295'657**

2 Segments of discontinued operations

The discontinued operations 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.

In thousand EUR

	Europa		USA		Elimination/Others		TOTAL	
	2008	2007	2008	2007	2008	2007	2008	2007
Sales revenue								
Third party revenue	2'702	2'462	1'951	3'188	0	0	4'653	5'650
Revenue other segments	1'567	1'801	336	196	-1'903	-1'997	0	0
Total revenue	4'269	4'263	2'287	3'384	-1'903	-1'997	4'653	5'650
Result								
EBITDA	269	457	-96	215	0	-2	173	670
Depreciation	-116	-59	-105	-142	0	0	-221	-201
Additional depreciation	0	0	0	0	0	0	0	0
EBT	536	398	-261	73	0	-2	275	469
Result	535	378	-261	26	0	0	274	404
Other information	**31.12.08**	**31.12.07**	**31.12.08**	**31.12.07**	**31.12.08**	**31.12.07**	**31.12.08**	**31.12.07**
Total asset	8'406	4'226	896	3'880	-1'428	-350	7'874	7'756
Total liabilities	2'354	1'724	1'253	920	-1'195	-348	2'412	2'296
Investments	8	209	10	14	0	0	18	223
Bad debt loss	0	0	59	3	0	0	59	3

3 Cash flow from discontinued operations

	2008 EUR	***2007 EUR***
Cash flow from operating activities	503‘010	590‘782
Cash flow from investment activities	48‘883	-825'460
Cash flow from financing activities	17‘770	31'092
Exchange rate differences	3‘812	345
Total	573‘475	-203‘241

4. Deconsolidation

The result from the deconsolidation of Dynavisions Schweiz AG is part of the discontinued operations result 2008, since this company was re-classified in 2007.
Due to the disposal of the majority interest in Dynavisions Schweiz AG, this company has been deconsolidated with effect as of 1 April 2008 and subsequently re-classified to the continued operations.

Dynavisions Schweiz AG		
Elimination of assets	-27'748	0
thereof re-classification to continued acitivities:	113‘744	
Elimination of liabilities	261'707	0
Cumulative exchange rate differences	-3'164	0
Total	344‘539	0

Further details can be found in E 17.

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:

	2009	2010	2011	2012	2013
Leasing obligations	15‘369	15‘369	8‘965	0	0
Rent obligations	37‘429	3‘119	0	0	0
Total	57‘798	18‘488	8‘965	0	0

In the reporting year EUR 53‘710 (2007: EUR 50‘963) were recorded as expense for leasing and rental in the consolidated annual report.

2. Pledged assets

Deposits are solely contained within the discontinued activities. There were no pledged assets as of 31 December of the reporting period.

3. Securities

As of December 31, 2008 the company had no outstanding securities.

4. Stock options

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

	2008		2007	
	Options	Exercise price	Options	Exercise price
Outstanding options on 01.01.	617'110	€1.52	651'110	€1.49
Issued	0	-	0	-
Exercised	0	-	0	-
Expired	0		-34'000	€1.00
Balance 31.12.	617'110	€1.52	617'110	€1.52
Thereof exercisable as per 31.12.	617'110	€1.52	617'110	€1.52

The exercise price is a balanced average price. In 2008, the total revenue from exercising options was 0 (2008: EUR 0).

No options have been issued in 2008 as well as 2007. There are no vesting conditions for the options that have been issued. All options grant entitlement to 1 GDR (global depository receipt) each.

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

Excercise price	Options	Expiration	Average exercise price
€0.80	240'000	31.10.2009	€0.80
€1.60	144'110	31.12.2009	€1.60
€2.20	233'000	31.12.2011	€2.20
Total	617'110		€1.52

In connection with the convertible bonds 2007/10, additional 151'429 options for GDRs have been issued and may be exercised

5. Going Concern

Novavisions entered into a cooperation agreement with a well-known and successful corporate finance house in order to realise the optimal value for the NovaStor companies. Despite this it has not been possible to pursue an offer considered adequate by the Board of Directors.

Ensuring its own funding is a significant challenge for Novavisions. If no M&A transaction can be successfully conclude during 2009, Novavisions AG would depend on an additional financing to be able to ensure the going concern.

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 global depository receipt	%
Adrian Knapp	1'780'422	7.39
Credit Suisse	3'150'000	13.08
M.M. Warburg	1'211'510	5.03

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 2008:

Name	Position	Category of securities	Quantity
Knapp Adrian	Chairman and CEO	GDR Options on GDR	1'780’422 212‘150
Bernhard Markus	Member of board of directors	GDR	221’231
		Options on GDR	83‘000
Naef Peter Urs	Member of board of directors	GDR	0
		Options on GDR	108’720
Riempp Gerold	Member of board of directors	GDR	132‘553
		Options 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
	Jean-Christophe Probst	Chief Financial Officer