

## PRESS RELEASE

oresa ventures s.a. (publ)

Interim report for the nine months to 30 september 1999

- Profit after tax for the 9 months of USDM 2.7 (SEKM 22.0), equivalent to USD 0.28 (SEK 2.27) per share.
- Net Asset Value USDM 64.15, equivalent to USD 6.61 (SEK 53.87) per share.
- 90% of total assets, or USDM 65.47, in Direct Investments.
- 61% of Direct Investments in Poland.
- A successful offer to acquire the outstanding minority shares in Medcover initiated during the quarter.
- In its core market in Poland, Medcover reached an important milestone, by recording a profit in September, as membership continues to grow significantly.
- Continued strong performance in the portfolio companies, and especially Brewery Holdings Ltd., which in October recorded a fifth consecutive month as market leader in Romania.

The results for the 9 months to 30 September 1999 show a profit after tax of USDM 2.7 (SEKM 22.0). Our Net Asset Value amounted to USD 6.61 (SEK 53.87) per share, up from USD 6.39 (SEK 51.40) at the start of the year.

The third quarter recorded an after tax loss of USDM 0.98. The loss was driven primarily by a drop of approximately USDM 0.500 in the value of the remaining Russian listed shares, which we are liquidating as trading conditions allow. Operating expenses for the quarter were in line with budget at USDM 0.59.

In line with our policy, we cover existing investments in our 6 and 12 months reporting and in the 3 and 9 month reports we cover new investments, as well as any events of particular importance in existing holdings.

During the quarter, we made no investments in new companies. The additional investment of USDM 2.0 in Office Depot, which was also mentioned in the 6 month report, has been finalized and the transaction, through which Office Depot acquired the Office Centre chain from DIVACO of Germany, has received regulatory clearance in Poland.

As we communicated to all our shareholders on 15 September, we are increasing our ownership in Medcover, the healthcare company which is our largest investment. During the quarter, we reached an agreement with the largest minority shareholders in Medcover, the British fund manager Taube-Hodson-Stonex Partners (THS Partners), to acquire all of their clients' shares in Medcover. We also extended an offer on the same terms and conditions to all of the other minority

shareholders in Medicover. Through the offer, which was completed after the end of the reporting period, ORESA Ventures controls 95%\* of the issued shares in Medicover.

Payment for the shares will be through new shares to be issued in ORESA Ventures. Through the transaction, valued at USD 11.75, the number of ORESA Ventures shares outstanding will increase by 2,053,998 shares to a total of 11,753,281 shares. The Net Asset Value will increase to USD 75.91, equivalent to USD 6.46 per share. We believe the dilution of 2.3% in the Net Asset Value per share resulting from the transaction, is more than compensated by the potential for strong growth in the value of the shares acquired. The rationale for the transaction is the expected strong growth in the market for private healthcare in Poland and throughout the Region and Medicover's unique market position and well established brand name. By acquiring additional shares in Medicover, we are in a better position to control and accommodate a future strategic exit transaction. Through the acquisition, THS-Partners becomes the third largest shareholder in ORESA Ventures, with approximately 10% of the company. THS-Partners is a well-reputed, London-based fund manager with more than GBP 2 billion under management and I would like to welcome them as shareholders in ORESA Ventures.

\* 91.2% on a fully diluted basis from approved Medicover management option programs.

#### Equity investments excluding loan investments

Country <sup>3</sup>	Company	Owner-ship, %	Cost USD	Valuation USD	% of NAV	
Poland	Medicover <sup>2</sup>	68.2	15.4	28.7	44.7	
	Office Depot	7.4	5.5	5.5	8.6	
	Bev. H. Video		22.5	4.5	4.5	7.0
	United Entert.		37.0	5.0	5.0	7.8
	Intersource	16.0	0.5	0.5	0.8	
	Subtotal		30.9	44.2	68.9	
Czech Rep.	Droxi	12.2	3.4	3.4	5.3	
Bulgaria		–	0.5	0.5	0.8	
Baltics	Airo	23.0	1.5	1.5	2.3	
Romania	Flanco	58.0	1.0	1.0	1.6	
	Churchill	26.0	0.7	0.7	1.1	
	BHL	1	2.6	2.6	4.1	
	Motoractive	47.5	0.6	0.6	0.9	
	Various	–	0.5	0.5	0.8	
	Subtotal		5.4	5.4	8.5	
Russia	Invacorp	4.1	2.0	1.4	2.2	
	RIG	4.0	2.6	1.3	2.0	
	Subtotal		4.6	2.7	4.2	
Funds	Fulcrum	2.8	2.3	2.7	4.2	
	Ukraine Fund	2.1	0.3	0.3	0.5	
	Danube Fund	2.2	0.2	0.2	0.3	
	EMESCO	–	0.7	0.7	1.1	
	Subtotal	7.1	3.5	3.9	6.1	
	Total		49.8	61.6	96.1	

<sup>1</sup> Not disclosed.

<sup>2</sup> As a subsequent event, ORESA Ventures has acquired an additional 2.35m shares in Medicover, raising the total investment in Medicover to 95%, with cost USD 27.15 and valuation USD 40.45.

3 The geographical analysis in this table is based on the primary location of the business.

#### MEDICOVER

Medicover continued to develop well during the quarter. Total enrollment in all programs increased by more than 6,000 to an excess of 44,000. We feel confident that the stated year-end target of close to 50,000 lives covered can be reached.

Sales for the 9 months stood at USDM 9.6, representing an increase of 48% compared with the same period last year.

EBITDA loss for the 9 months came in at USDM 2.1. The Group is expected to turn profitable on a monthly EBITDA basis during the fourth quarter. The revenue and financial results for the Group show an approximate 3 month time-lag versus budget.

Of significant importance, is the fact that the key Polish market, which represents some 75% of Group revenue, turned profitable in September. Polish revenue in September stood at just below USDM 1.0 and posted a modest positive EBITDA of USD 11,000. This is a combination of Warsaw revenue with good profitability and the Polish regions, where most operations are less than 18 months old and are still generating deficits. However, reaching the point where Poland as a country operation is profitable is a milestone, as each new enrolled member will provide a good bottom-line contribution.

The study we are undertaking together with an international consultancy firm, which we have previously described and which aims to identify 3-4 new growth areas within the healthcare service sector, has estimated the size of the Polish market for private health insurance to be USD 3 billion by 2005. The market is, therefore, expected to grow strongly and Medicover is committed to develop a significant market share.

#### OUTLOOK

At the end of the third quarter, we had available financial resources of USDM 10, including committed credit facilities and the remaining portfolio of primarily Russian listed shares.

The work with the consultancy firm referred to above has recently been finalized for the Polish market and a second phase, studying the opportunities in Hungary and the Czech Republic, will now start. We believe the findings are encouraging and will result in several new projects.

The initiative during the quarter from the new European Commission and its President, Mr. Prodi, to speed up the application process into the European Union for the Central and East European countries, evidences the political will and support for integrating the economies in Central and Eastern Europe into the European Union. This validates our strong belief in the long-term growth potential of the countries in which ORESA Ventures invests.

Jonas af Jochnik  
November 1999

#### CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Qrt 3 to 30 Sept 1999	Qrt 3 to 30 Sept 1998	9 Months to 30 Sept 1999	9 Months to 30 Sept 1998		
QUARTER 3 TO 30 SEPTEMBER			\$'000	\$'000	\$'000	\$'000

Portfolio income/(loss)	(479)	(27,664)	4,723	(38,482)
Interest income	45	112	111	2,064
Interest cost (130)	(14)	(321)	(23)	
Dividend income	19	245	102	348
Other revenue	83	69	264	213
INCOME (462)	(27,252)	4,879	(35,880)	
Staff costs (365)	(463)	(1,112)	(1,462)	
Administrative costs	(220)	(351)	(1,064)	(1,241)
Foreign exchange	(4)	(20)	5	(47)
OPERATING EXPENSES (589)	(834)	(2,171)	(2,750)	
OPERATING PROFIT/(LOSS) BEFORE TAX (38,630)		(1,051)	(28,086)	2,708
Tax (charge)/income	71	(87)	(3)	221
OPERATING PROFIT/(LOSS) AFTER TAX (38,409)		(980)	(28,173)	2,705
Earnings/(loss) per share	(\$0.10)	(\$2.90)	\$0.28	(\$3.96)

#### STATEMENT OF RECOGNISED GAINS AND LOSSES

	Qrt 3 to 30 Sept 1999 \$'000	Qrt 3 to 30 Sept 1998 \$'000	9 Months to 30 Sept 1999 \$'000	9 Months to 30 Sept 1998 \$'000	
Value adjustments upwards on unlisted Direct Investments, not recognised in the profit and loss account	0	(662)	—	12,603	
(Loss)/Profit for the year	(980)	(28,173)	2,705	(38,409)	
Total recognised gains/(losses)		(980)	(28,835)	2,705	(25,806)

#### CONSOLIDATED BALANCE SHEET

	30 Sept 1999 \$'000	30 Sept 1998 \$'000
AS AT		

## ASSETS

### Direct Investments

Unlisted equity shares	61,601	46,986
Loan investments	3,864	4,044
	65,465	51,030
Property and equipment	57	80

### NON CURRENT ASSETS

Listed equity shares	4,937	10,331
Receivables	1,820	485
Bonds & other interest bearing securities	0	1,937
Cash	373	243
CURRENT ASSETS	7,130	12,996
TOTAL ASSETS	72,652	64,106

## LIABILITIES AND SHAREHOLDERS' EQUITY

### Capital and reserves

Share capital	48,496	48,496
Share premium	24,260	24,260
Capital profits reserve	13,741	13,741
Unrealised profit reserve	(23,219)	(34,923)
Realised profit reserve	873	10,287
SHAREHOLDERS' FUNDS	64,151	61,861

Trade and other payables	401	1,245
Loans payable	8,100	
CURRENT LIABILITIES	8,501	1,000
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	72,652	64,106

## CONSOLIDATED CASH FLOW STATEMENT

	9 Months to 30 Sept 1999 \$'000	9 Months to 30 Sept 1998 \$'000	
NET CASH FLOW FROM PROFIT	2,260	317	
Venture capital loans repaid/(advanced)	683	6,505	
Investment in unlisted securities	(17,639)	(21,249)	
Sale of unlisted securities	1,749	0	
Investment in bonds and interest bearing securities		1,791	7
Purchase of tangible fixed assets	0	(100)	

Investment in listed equity investments	(1,299)	(12,211)		
Sale of listed equity investments	5,500	5,010		
NET CASH FLOW FROM INVESTING ACTIVITIES	(9,215)	(22,038)		
Loans received	4,200	1,000		
NET CASH FLOW FROM FINANCING ACTIVITIES			4,200	1,000
Increase/(Decrease) in cash and cash equivalents	(2,755)	(20,721)		
CASH AND CASH EQUIVALENTS				
Balance at 1 January	3,128	20,964		
Balance at 30 September.	373	243		
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(2,755)	(20,721)		

#### BASIS OF PREPARATION

The accounting policies used in this report are the same as those used in the annual audited financial statements of ORESA Ventures S.A. The above figures, except for comparative full year figures, are unaudited. This interim statement is in compliance with International Accounting Standard 34, Interim Financial Reporting.

A copy of the Annual Report for 1998 may be obtained from ORESA Ventures NV, Building O, Drève Richelle 161, B-1410 Waterloo. Alternatively you can request a copy through our web site [www.oresaventures.com](http://www.oresaventures.com)

#### Dates for information

- Preliminary report 1999 25th February 2000
- 1 Quarter results 10th May 2000

#### ORESAS VENTURES

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