



Effnet Group AB (publ)
(name changed to AB Sagax (publ))

INTERIM REPORT
January – June 2004



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- Net sales for the period April–June 2004 amounted to MSEK 6.9 (9.7). For the period January- June 2004 net sales amounted to MSEK 11.9 (14.7).
- Operating result for the second quarter amounted to MSEK -1.3 (-1.4) and the result after financial items was MSEK -0.6 (-0.6). Operating result for the period January-June amounted to MSEK -5.0 (-4.6) and the result after financial items was MSEK -3.5 (-2.8) or SEK -0.07 (-0.05) per share.
- Net sales as well as order intake of Digital Broadcasting was stronger during the period January-June 2004 compared to the same period 2003. Net sales for Digital Broadcasting increased by 14 per cent and order intake by 28 per cent compared to the first six months 2003. For Header Compression sales were weaker than the previous year.
- Liquid assets at the close of the period totaled MSEK 97.7 (107.8 at previous year-end) or SEK 1.78 (1.96) per share. Stockholders' equity at the close of the period amounted to MSEK 100.6 (104.2) or SEK 1.83 (1.90) per share.
- During the second quarter Factum Electronics received several important orders, notably from BBC and Denmark's Radio for DAB-equipment and from Harris Broadcasting Corporation for NICAM-encoders. In all the order intake of Digital Broadcasting during the second quarter increased by 46 per cent compared to the second quarter 2003.
- During the second quarter the operations of the subsidiary Wkit Security were closed down.

Events after the end of the period

- At the Extraordinary General Meeting of Effnet Group AB on July 2, 2004, the shareholders decided to acquire a real estate portfolio by a non-cash issue, to change the company's name to AB Sagax (publ) and to distribute the subsidiary Effnet Holding AB with the Technology operations to the shareholders.

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BUSINESS OPERATIONS

As is described below under “Events after the end of the period” the technology operations of the former group with Effnet Group AB (publ) as parent company is transferred to a new group with Effnet Holding AB (publ) as parent company, the latter is also quoted on Nya Marknaden.

Thus Effnet Group AB (publ), the name changed to AB Sagax (publ), was the previous parent company of the technology operations. This report covers the period up to June 30, 2004 during which Effnet Group AB (publ), presently AB Sagax (publ), was parent company in a group with operations within advanced digital communication. The parent company’s primary task was to develop and manage these technology companies. At the close of the period the Group operated in the following two fields:

Digital Broadcasting

Factum Electronics AB develops and sells components and systems for digital audio broadcasting (DAB) and components for digital stereo sound in television broadcasting (NICAM). Its customers include radio and television stations and their network operators.

Header Compression

Effnet AB develops and sells Header Compression software to network product manufacturers. Effnet Header Compression increases the efficiency, speed, and reliability of IP traffic in mobile, fixed, and satellite-based networks.

SECOND QUARTER 2004

Sales during the second quarter amounted to MSEK 6.9 (9.7). Order intake of Digital Broadcasting increased by 46 per cent compared to the second quarter 2003.

Operating expenses amounted to MSEK 8.6 (11.2), including dissolved reserves for a special audit performed during the spring and for termination of the US subsidiary. Personnel costs amounted to MSEK 5.7 (4.7). The operating loss was MSEK 1.3 (1.4).

Net financial income totaled MSEK 0.7 (0.9). The loss for the period was MSEK 0.6 (0.6) or SEK 0.01 (0.01) per share.

JANUARY-JUNE 2004

Sales during the period January-June 2004 amounted to MSEK 11.9 (14.7). Net sales as well as order intake of Digital Broadcasting was stronger during the period January-June 2004 compared to 2003. Net sales for Digital Broadcasting increased by 14 per cent and order intake by 28 per cent compared to the first six months 2003.

Operating expenses amounted to MSEK 17.7 (19.4), of which MSEK 10.6 (8.3) comprised personnel costs. The increased costs are related to intensified activities within Digital Broadcasting. The operating loss was MSEK 5.0 (4.6).

Net financial income totaled MSEK 1.5 (1.8), the reduction compared to previous year is due to lower interest rates. The loss for the period was MSEK 3.5 (2.8) or SEK 0.07 (0.05) per share.

Cash flow from current operations was MSEK -9.2 (-7.3) or SEK -0.17 (-0.13) per share.

The Group operates in an international market and the majority of sales are exports.

Net sales, MSEK	2004	2003	2003
	Jan-Jun	Jan-Jun	Full year
Europe	8.4	8.9	13.3
Asia	0.7	2.7	4.1
North America	2.7	2.9	2.9
Rest of world	0.1	0.2	0.5
Net sales	11.9	14.7	20.8

Employees and investments

The average number of employees during the period was 22 (27). Only marginal capital expenditures in equipment were made during the period. Expenditure for development efforts were capitalized according to the same conservative principle as at year-end, totalling MSEK 0.7 (-).

Financial Position

The Group's shareholders' equity at the close of the period stood at MSEK 100.7 (at year-end 104.2) or SEK 1.83 (1.90) per share. At the close of the period, the Group had MSEK 97,7 (107.8) in liquid assets, of which MSEK 93.6 (105.1) consisted of short-term investments.

EVENTS AFTER THE END OF THE PERIOD

At the Extraordinary General Meeting of Effnet Group AB on July 2, 2004, the shareholders decided to acquire a real estate portfolio by a non-cash issue of 53,725,566 shares, to change the company's name to AB Sagax (publ) and to distribute the subsidiary Effnet Holding AB. Furthermore it was decided to change the limits of the sharecapital, which shall be between MSEK 50 and MSEK 200.

In summary this means that Effnet Group AB (publ) acquires a real estate operation and splits the Group into one real estate group, AB Sagax (publ), and one technology group, Effnet Holding AB (publ). The greater part of the liquid assets and the tax-loss carry-forwards will remain with the parent company, that

is with the real estate group, which also will remain listed on Nya Marknaden. The technology group will be separately listed on Nya Marknaden. After these transactions both companies will each have 108.668.216 shares. The balance sheet of the technology group as per June 30, 2004, is shown below. The real estate group was created on July 5, 2004, when the real estate was taken possession of after the Extraordinary General Meeting. Extensive information (only in Swedish) can be found on the websites of the two groups; www.absagax.se and www.effnetholding.se.

OUTLOOK FOR 2004

After the spin-out of Effnet Holding AB (publ), including the technology operations, AB Sagax (publ) remains a focused real estate company. AB Sagax will regularly report its business developments as well as its outlook for the future in its interim reports. Its first interim report will be released on October 29, 2004.

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Regarding the outlook for the technology group it can be noted that compared to the previous year, Digital Broadcasting shows a good growth in net sales as well as in order intake. Considering the international growth of digital radio (Digital Audio Broadcasting, DAB) and the attractive project portfolio of Factum Electronics, this trend will probably continue. Factum Electronics has also strengthened its position within Digital Multimedia Broadcasting (DMB), a further development of DAB. The company is currently the leading provider of such systems to Korea, the most advanced DMB-market.

As for Header Compression the period January-June 2003 was stronger than the

corresponding period 2004, but as activities in the telecom sector now increase worldwide, and especially in UMTS/3G, Effnet AB has registered an increasing interest in its dialogues with the leading providers of infrastructure and terminals. Hopefully this will be reflected in an increased order intake. During the autumn Effnet Holding will intensify activities in order to find suitable technology companies to acquire.

Stockholm, July 29, 2004

AB Sagax

The Board of Directors

This report has not been subject to review by the company's auditors.

Consolidated income statement, in summary, MSEK	2004 Apr-Jun	2003 Apr-Jun	2004 Jan-Jun	2003 Jan-Jun	2003 Full year
Net sales	6.9	9.7	11.9	14.7	20.8
Capitalized development expenditure	0.4	-	0.7	-	0.3
Other operating revenue	0.0	0.1	0.1	0.1	0.1
Total revenue	7.3	9.8	12.7	14.8	21.2
External costs	-2.9	-6.5	-7.0	-11.0	-15.5
Personnel costs	-5.7	-4.7	-10.6	-8.3	-17.4
Depreciation and amortization	-0.0	0.0	-0.1	-0.1	-0.3
Total operating expenses	-8.6	-11.2	-17.7	-19.4	-33.2
Operating result	-1.3	-1.4	-5.0	-4.6	-12.0
Financial income/expenses, net	0.7	0.8	1.5	1.8	5.0
Result after financial items	-0.6	-0.6	-3.5	-2.8	-7.0
Tax	-	-	-	-	0.1
RESULT FOR THE PERIOD	-0.6	-0.6	-3.5	-2.8	-6.9
Consolidated cash flow statement, in summary, MSEK	2004 Apr-Jun	2003 Apr-Jun	2004 Jan-Jun	2003 Jan-Jun	2003 Full year
Cash flow before change in working capital	-0.5	-0.5	-3.4	-2.4	-8.8
Change in working capital	-4.8	-1.1	-5.8	-4.9	-4.5
Cash flow from current operations	-5.3	-1.6	-9.2	-7.3	-13.3
Investments	-0.5	0.0	-0.9	-0.1	-0.6
Financing activities	-	-	-	-	-
Exchange rate difference related to liquid assets	0.0	0.0	0.0	-0.1	-0.1
CHANGE IN LIQUID ASSETS	-5.8	-1.6	-10.1	-7.5	-14.0
Average no of shares, thousands (note 1)	54,943	54,943	54,943	54,943	54,943
Result per share, SEK (note 1)	-0.01	-0.01	-0.07	-0.05	-0.12
Cash flow from current operations per share, SEK (note 1)	-0.10	-0.03	-0.17	-0.13	-0.24

Consolidated balance sheet, in summary, MSEK	Tech' Group (note 3)	2004 June 30	2003 June 30	2003 Dec 31
ASSETS				
Capitalized development expenditure	0.9	0.9	-	0.3
Tangible fixed assets	0.7	0.7	1.1	0.8
Fixed assets	1.6	1.6	1.1	1.1
Inventories	0.9	0.9	1.6	1.4
Current receivables	9.9	10.4	10.7	4.7
Liquid assets (note 2)	17.3	97.7	114.2	107.8
Total current assets	28.1	109.0	126.5	113.9
TOTAL ASSETS	29.7	110.6	127.6	115.0
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders equity	20.8	100.7	108.2	104.2
Provisions	1.0	1.0	4.2	1.3
Current liabilities	7.9	8.9	15.2	9.5
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	29.7	110.6	127.6	115.0

Changes in shareholders' equity MSEK	2004 Jan-Jun	2003 Jan-Jun	2003 Full year
Shareholders' equity at start of period	104.2	111.0	111.0
Result for the period	-3.5	-2.8	-6.9
Translation difference	0.0	0.0	0.1
Shareholders' equity at close of period	100.7	108.2	104.2
No. of shares, thousands (note 1)	54,943	54,943	54,943
Shareholders' equity per share, SEK (note 1)	1.83	1.97	1.90
Liquid funds per share, SEK (note 1)	1.78	2.08	1.96
Stock exchange quotation at close of period, SEK	2.20	1.50	2.40
Quotation/shareholders' equity	120 %	76 %	126 %
Market capitalization, MSEK	120.9	82.4	131.9
Debt/equity ratio	91 %	85 %	91 %

Accounting principles and notes

This Interim Report was prepared according to the Swedish Financial Accounting Standards Council's recommendation on interim reporting (RR20). The accounting and valuation principles are the same as those used for the 2002 Annual Report. Unless otherwise stated, all figures are in MSEK.

Note 1) Dilution is only included in the conversion of key figures if it has a negative effect on earnings per share, which is not the case. Full dilution of all outstanding share options adds 1,669,000 shares.

Note 2) Liquid assets include short-term investments and bank deposits.

Note 3) The Tech' Group refers to Effnet Holding with the subsidiaries Effnet AB and Factum Electronics AB as per June 30, 2004. Liquid assets include a receivable on the parent company of MSEK 15.6 which has been settled in July.

Quarterly data (MSEK)	Q1	Q2	Q3	Q4	Full year
Net sales					
2001	1.1	5.1	1.8	2.2	10.2
2002	1.8	0.7	1.0	6.4	9.9
2003	5.0	9.7	2.7	3.4	20.8
2004	5.0	6.9			
Result after financial items					
2001	-28.3	-22.6	-27.7	-55.1	-133.7
2002	-11.9	-13.1	-10.0	-20.4	-55.4
2003	-2.2	-0.6	-2.0	-2.2	-7.0
2004	-2.9	-0.6			
Cash flow fr. current operations					
2001	-27.2	-25.5	-19.6	-22.0	-94.3
2002	-16.8	-18.9	-10.8	-10.7	-57.2
2003	-5.7	-1.6	-1.5	-4.5	-13.3
2004	-3.9	-5.3			

Effnet Group AB:s 15 largest shareholders

No of shares Shares of votes/capital

As of June 30, 2004

Four Invest AB	6,197,760	11.28 %
DNB Nor Bank ASA	4,584,100	8.34 %
Carlsson, Svante	1,492,492	2.72 %
Credit Agricole Indosuez	1,095,778	1.99 %
SIS Segaintersettle AG	1,046,300	1.90 %
Akelius Insurance Ltd.	619,550	1.13 %
Edvardsson, Bo	526,000	0.96 %
Niklasson, Bertil	480,000	0.87 %
Fastighetsaktiebolaget Ladan	400,000	0.73 %
JP Morgan Chase Bank	400,000	0.73 %
Eurotrade Securities	277,395	0.50 %
Mikael Hansson i Kalmar AB	275,000	0.50 %
E*Trade DK A/S	265,205	0.48 %
BCA Monte Dei Paschi Di Siena SPA	263,400	0.48 %
Åberg, Björn	255,000	0.46 %
Total for 15 largest shareholders	18,177,980	33.09 %
Others (10.296 shareholders)	36,764,670	66.91 %
Total	54,942,650	100.00 %

For further information, please contact:

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or visit the website of AB Sagax www.absagax.se or Effnet Holding AB www.effnetholding.se

The next report for AB Sagax will be the Interim Report for January-September, 2004, due for release on October 29, 2004.

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AB Sagax (previously Effnet Group AB (publ)), corporate identity number 556520-0028, is located in Stockholm, Sweden.

Address: Riddargatan 23, 114 57 Stockholm. The company's stock was introduced on the New Market list in April 1999 and is traded on the Stockholm Stock Exchange.