

Annual Report 2002

Thalamus Networks AB (publ)



Business concept

**Thalamus Networks offers
– through specialists in interaction –
communications solutions and services that
fulfil high demands for performance
and security.**

Financial and other information

• Three-month Report	January – March 2003	May 13, 2003
• Semi-annual Report	January – June 2003	August 19, 2003
• Nine-month Report	January – September 2003	November 7, 2003
• Year-end Report	January – December 2003	February 13, 2004

The regularly scheduled Annual General Meeting will be held at the Company's offices, Karlsbodavägen 39 in Bromma, at 10:00 a.m., April 11, 2003.

Shareholders who wish to participate in the proceedings of the Annual General Meeting must be registered in the share register maintained by the Securities Register Centre (VPC AB) not later than by the record date April 1, 2003, and also notify the Company of their desire to attend not later than by 4:00 p.m., April 7, 2003.

Notice can be given to: Thalamus Networks AB, P.O. Box 11129, SE-161 11 Bromma, Sweden, telefax: +46-8-29 65 30, telephone: +46-8-635 96 00, or e-mail: gunilla.enebro@fiberdata.se.

Such notice must contain name, personal registration number/organization number, address, telephone number and the registered shareholding must be disclosed.

Please note that shares registered in the name of a nominee must be re-registered in the owners own name well in advance of record date. Shareholder rights may be exercised at the Annual General Meeting by duly authorized proxy. Such proxy must be in writing and may not be older than twelve months. Please note that the proxy must be submitted in original or be brought to the meeting. Shareholders who wish to exercise their right to bring up to two counsel representatives must file notice to that effect, stating the number of counsel representatives, together with the notice as described above.

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The Year in Brief

- Jan Norman assumed the post of President & CEO June 1.
- Remium Securities was appointed Market Maker.
- Fiberdata was acquired during September from TurnIT AB.
- Thalamus obtained a total ownership stake of 17 percent of the capital and 19 percent of the votes in TurnIT AB as a result of the guaranty that was issued in connection with TurnIT's new issue.
- Net revenues rose by 265 percent to MSEK 146.2 (40.0) compared to the corresponding year-ago period. The result after financial items was MSEK 7.4 (-17.8).
- Profit for the year amounted to MSEK 11.7 (-17.7).
- Cash flow from current operations, including changes in working capital, amounted to MSEK 16.2 (-1.9).
- Thalamus Operations concluded an exclusive agreement with Stadsnät i Örebro AB whereby Thalamus will assume the role of communications operator for a period of eight years. The value of the contract is estimated to be MSEK 152 for the term of the contract.
- Thalamus Operations signed a Letter of Intent with the municipality of Kumla relating to the role of communications operator.
- Fiberdata has been entrusted to build an advanced switching solution for Frösunda Assistans och Rehab Station.
- In January 2003, Fiberdata assumed a strong position in respect of the agreement for subscriber switches for The Swedish Agency for Administrative Development. The frame agreement includes a total of seven suppliers. The value of the agreement is estimated to be MSEK 300 over its two-year term.

President's Statement

Year 2002 was an eventful one for the Thalamus Networks Group. During the first quarter we were able to see the effects of the cost-containment action taken in 2001 and were able to report a positive result after net financial items for the first time since becoming a public company. Again during the second quarter we reported positive earnings after financial items – without the help of non-recurring items.

Last summer my predecessor left the Company to realize a life-long dream and I was afforded the privilege of assuming the post of CEO. My previous experience from companies that have made several acquisitions and disposed of different businesses came in useful in my role as CEO of Thalamus Networks.

During the third quarter of 2002 we acquired Fiberdata AB and also entered as major owner in TurnIT AB. These acquisitions were the result of having putting a lot of energy into evaluating many different opportunities in the market. With the acquisition of Fiberdata, the Group became a supplier of communications solutions with nationwide coverage and annual revenue of about MSEK 350.

During the fourth quarter an agreement was concluded making Thalamus the communications operator of the Örebro metropolitan area network. A letter of intent with the Municipality of Kumla was signed in January 2003. With these transactions we have established ourselves in the market for metropolitan area network procurement. The result for the quarter was positive and the net of financial items was very strong thanks to a favorable development of short-term investments in publicly traded equities.

Stable sales despite a weak market

The market for integrated solutions in communication was weak overall during the year. Fiberdata's strong position among industrial companies, and especially in the process industry, made it possible, however, to maintain the business volume at about the same level as in

prior years (–10 percent). It is worth noting that many of our competitors lost between 25 and 30 percent of their sales during the same period.

We maintained our volumes in the public sector and the Armed Forces is our single-largest customer. A number of procurements in metropolitan area networks were also initiated during 2002, although most of these do not relate to deliveries until in 2003.

Successful acquisition

Fiberdata, a perfect complement, was acquired in September. Twenty years of experience has made Fiberdata into a standard for the industry with a solidly established reputation as a supplier of complex communications solutions. We represent suppliers such as Alcatel, Avaya and Extreme and can now offer services in everything from design, integration, operation and surveillance to advanced IT consulting services. We thus stand well prepared to take on new challenges during 2003.

The investment in TurnIT is a financial one and we are taking active ownership responsibility, in part by board representation. TurnIT contains a number of interesting companies.

More may come

Opportunities abound for more profitable acquisitions since the price expectations of sellers are starting to approach levels where the math on prospective deals is easier to warrant with realistic calculation assumptions. We still have MSEK 150 available for investment and will be evaluating possible acquisition targets again in 2003.

When Thalamus (with 30 employees) acquired Fiberdata, a group with more than 200 employees was created where the operations complement each other in an excellent way, both geographically and in terms of services offered. We will naturally be capitalizing on the synergy and coordination effects available, but in most respects business will continue in the independent subsidiaries as before.

A key word for 2003 is balance. We will find the balance between the need for guidelines and cogency that the size of the operation and the world around us demands, and the need for flexibility and the joy of doing business that the responsible entrepreneurs and the staff in the local operations possess. We will also do what has to be done to develop the internal processes and create a necessary "we-mentality" in the Group.

We must continue to be profitable

A number of steps were taken during 2002 to reduce costs. In combination with a sustained strong financial position, this means that we have created important prerequisites for a successful 2003. We are expecting no organic growth in volume at the Group level given the current state of the market, but the goal is to achieve positive operating earnings for the full year, with profitable operations in all business segments.

The most important factor for success is motivated and competent employees. I am certain that everybody in the Group will contribute to the results and that it is the sum total of efforts that will make the whole. With a continuing high level of ambition and business acumen, I am convinced that we will achieve our goals.

In closing, I wish to extend my heart-felt thanks to all employees for their fine contributions during 2002. We have excellent opportunities for creating a group that will continue to be stable and profitable.

Bromma, March 7, 2003



Jan Norman
CEO, Thalamus Networks AB



Financial Overview

SUMMARY STATEMENTS OF INCOME

SEK thousand	2002	Parent Group		1999	Company 1998
	2001	2000			
Net revenues	146 161	39 992	27 744	21 763	18 083
Amortization of goodwill	-1 164	-617	-45	-45	
Depreciation and amortization of fixed assets	-10 463	-7 388	-1 845	-1 100	-773
Operating expenses	-137 555	-58 036	-49 981	-29 806	-20 681
Operating result	-3 021	-26 049	-24 127	-9 188	-3 371
Net financial items	10 445	8 277	8 280	306	94
Result after financial items	7 424	-17 772	-15 847	-8 882	-3 277
Minority interest			85		
Year-end appropriations					
Taxes	4 251	52	19		
Net result for the year	11 675	-17 720	-15 743	-8 882	-3 277

SUMMARY BALANCE SHEETS

SEK thousand	Parent Group		2000	1999	Company 1998
	2002	2001			
Assets					
Intangible assets	8 879	2 640	137	392	420
Tangible fixed assets	61 580	46 911	3 934	2 545	2 115
Financial assets	23 191	15	15	255	15
Total fixed assets	93 650	49 566	4 086	3 192	2 550
Other current assets	98 851	10 978	14 493	8 980	3 283
Liquid funds, including short-term investments	170 617	207 593	241 586	26 670	14 265
Total current assets	269 468	218 571	256 079	35 650	17 548
Total assets	363 118	268 137	260 165	38 842	20 098
Shareholders' equity and liabilities					
Shareholders' equity	247 866	235 990	253 710	32 205	16 859
Provisions					
Non-interest-bearing		3 131		15	52
Long-term liabilities					
Non-interest-bearing	244				
Interest-bearing	16 504	13 866		787	1 075
Short-term liabilities					
Icke räntebärande	87 635	15 150	6 455	5 835	2 112
Interest-bearing	10 869				
Total liabilities	115 252	32 147	6 455	6 637	3 239
Total liabilities and shareholders' equity	363 118	268 137	260 165	38 842	20 098



KEY FINANCIAL INDICATORS

SEK thousand	2002	Parent Group			Company 1998
		2001	2000	1999	
Revenue growth	265,4%	44%	28%	20%	64%
Gross margin	5,9%	neg	neg	neg	neg
Operating margin	neg	neg	neg	neg	neg
Profit margin	5,1%	neg	neg	neg	neg
Capital employed	275 239	249 856	253 710	32 992	17 971
Return on capital employed	3,7%	neg	neg	neg	neg
Capital employed, not incl. short-term investments	130 638	44 856	34 991	32 992	17 971
Equity ratio	68%	88%	97,5%	82,9%	84,1%
Interest coverage ratio	4,9	neg	neg	neg	neg
Net financial assets	166 435	193 742	240 225	26 138	13 205
Average number of employees	89	39	32	21	13

PER-SHARE DATA BEFORE DILUTION

SEK thousand	2002	Parent Group			Company 1998
		2001	2000	1999	
Genomsnittligt antal aktier	9 271 456	9 271 456	8 897 386	7 115 000	3 520 840
Antal aktier vid årets slut	9 271 456	9 271 456	9 271 456	7 190 000	7 040 000
Resultat per aktie	1,26	-1,91	-1,77	-1,2	-0,9
Nettokassaflöde per aktie	1,29	-0,2	-2	-1,5	-0,4
Eget kapital per aktie	26,73	25,5	27,4	4,5	2,4

The Thalamus share

The share

The Thalamus Class B share is listed on the O-list of the OM Stockholm Stock Exchange since September 4, 2000.

The share capital amounts to SEK 927 145.60, divided into 9 271 456 shares, with a nominal value of SEK 0.10 each. There are 1 033 333 Class A shares and 8 238 123 Class B shares outstanding. Each Class A share entitles its holder to 10 votes and each Class B share to 1 vote. Class A shares are convertible into Class B shares upon request to the Company's Board of Directors.

Type of share	Number of shares	% of capital	% of votes
Class A	1 033 333	11.1	55.6
Class B	8 238 123	88.9	44.4

Option program

A subordinated debenture loan with detachable options equivalent to 500 000 Class B shares was issued

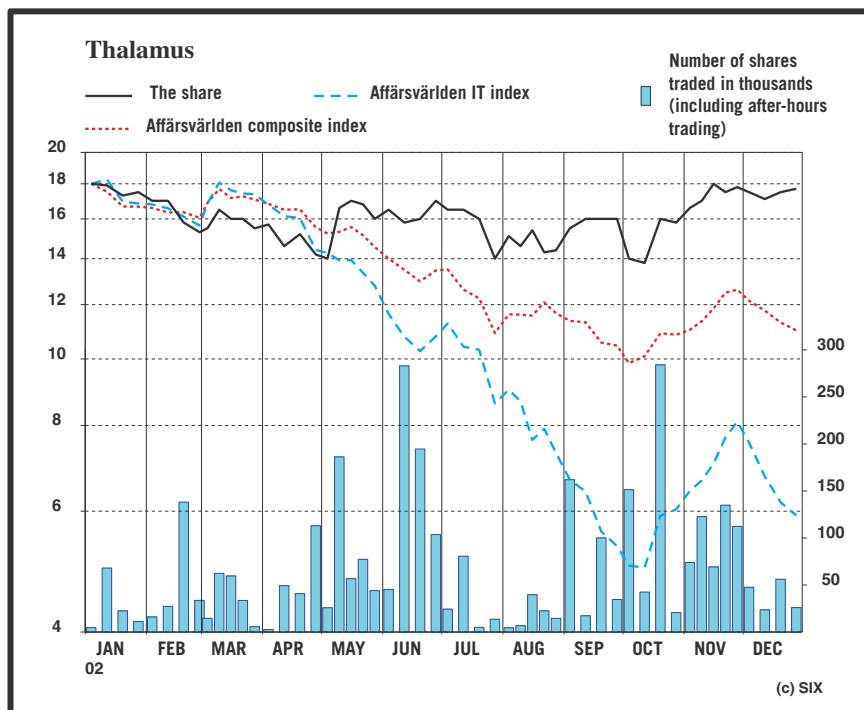
during 2001. A total of 113 000 of these options were acquired by the Company's employees. The options can be exercised to subscribe for shares at a price of SEK 45.60 from March 31, 2004.

The remaining number of options from the 2000 option program is 100 000. These may be exercised at a price of SEK 136 until July 1, 2003. For further information, refer to note 13 to the balance sheet.

The stock market

The closing market price for the Thalamus share was SEK 18 on December 30, 2002, which was the same price as at the beginning of the year. The composite index saw a decline by 37.4 percent during the year.

During 2002 a total of 3 452 924 shares were traded, which is equivalent to 41.9 percent of the total number of publicly traded shares in the Company. The total market capitalization of Thalamus was MSEK 167 at year-end and the total number of shareholders was 2 919.



Performance of the Thalamus Network share relative to Affärsvärlden's composite index and Affärsvärlden's IT index during 2002.

History of share capital

The share capital of Thalamus has evolved as follows since 1998:

Year	Transaction	Share capital	Number of shares outstanding
1998		704 000	7 040 000
1999	Private placement	719 000	7 190 000
1999	Private Placement	779 000	7 790 000
2000	Exercising of warrants	799 146	7 991 456
2000	Private placement	927 146	9 271 456

The Board of Director's has an authorization to decide on new issuance of a total of 3 000 000 Class B shares in connection with acquisition of company or business. The issuing price shall be equivalent to the estimated market price.

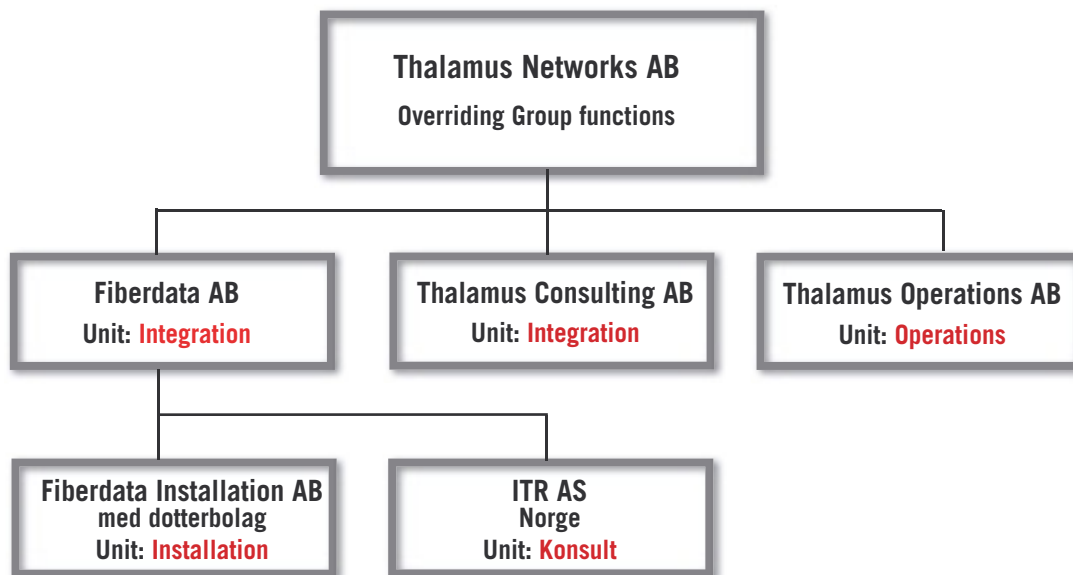
MAJOR SHAREHOLDERS

Number of Shareholders according to VPC Dec. 31, 2002	Class A shares	Class B shares	Proportion of capital	Proportion of votes
Traction	354 667	2 862 468	34,7%	34,5%
Andersson Pär-Ola m fam	252 000	268 666	5,6%	15,0%
Nilsson Erik	252 000	20 000	2,9%	13,7%
Stillström Bengt	86 667	143 716	2,5%	5,4%
Magnusson Claes	87 999	5 935	1,0%	4,8%
Länsförsäkringar Småbolagsfonden		454 767	4,9%	2,4%
SIF Förbundet		238 100	2,6%	1,3%
Credit Suisse Life & Pensions Ltd		108 050	1,2%	0,6%
Traction Konsult ABs Pensionsstiftelse		80 000	0,9%	0,4%
Svenska Handelsbanken SA, Luxemburg		78 950	0,9%	0,4%
Other shareholders		3 977 471	42,8%	21,5%
Totalt	1 033 333	8 238 123	100,0%	100,0%

OWNERSHIP STRUCTURE

Size classes according to VPC Dec. 31, 2002	OWNERSHIP		SHARES	
	Number	% of total	Number	% of total
1-500	1 835	62,9%	402 513	4,3%
501-1000	529	18,1%	484 191	5,2%
1001-5000	423	14,5%	1 083 266	11,7%
5001-10000	66	2,3%	520 583	5,6%
10001-50000	45	1,5%	956 124	10,3%
50001-100000	14	0,5%	783 678	8,5%
100001-	7	0,2%	5 041 101	54,4%
Total	2 919	100,0%	9 271 456	100,0%

This is Thalamus Networks



The Thalamus Networks Group, which include Fiberdata AB since September 2002, offers – with specialists in interaction – communications solutions and services that fulfill exacting requirements in terms of speed and security. The Group's business is conducted in the following four units: Integration, Installation, Consulting and Operations.

Integration

A total of 90 employees.
Offices in Stockholm, Göteborg, Sandviken, Umeå, Luleå, Avesta, Borlänge, Ludvika, Katrineholm, Västerås, Halmstad and Ängelholm.

Installation

A total of about 60 employees divided among Region South with its office in Trelleborg. Region Mitt with its office in Norrköping, Region Nord with its office in Avesta and Region Stockholm.

Consulting

A total of about 35 employees in Norway with its office in Oslo.

Operations

A total of 11 employees with its office in Ängelholm.

*Thalamus Networks'
management group*



The units

Through its units **Integration, Installation, Consulting and Operations**, the **Thalamus Networks Group** can offer everything from design, systems integration and installation to operation and surveillance of corporate networks and metropolitan area networks.

Integration

The unit offers customer-specific solutions for data and telecommunication based on standard technology, with complete systems for data, tele and video communication.

Fiberdata has advanced components on the data communication side in areas such as switching, routing and security, as well as broadband communication. We cooperate with leading manufacturers such as Alcatel, Avaya, Extreme Networks, Hewlett-Packard, Lucent and Redback.

Sales are organized primarily by customer segment and coordination of critical technology and project competencies with a focus on government services, private companies, metropolitan area networks, housing networks, industry and telecom. The unit also includes a department for control systems.

Government services In this business area we deliver products, competence and operation of security solutions in several municipalities and we are today the largest supplier of switched networks to the Armed Forces.

Private companies We offer design, installation and operation of customer-specific systems solutions for major internal networks. We also perform a variety of services in security and vulnerability analysis and firewalls. Our security concept consists of market-leading products and services that provide maximum performance and robust security, to make life in the network simple and secure. It is scalable and flexible and its component parts can be chosen independent of each other.

Thalamus Networks' management group consists of (left to right) Pär-Ola Andersson, Torbjörn Eriksen, Atle Hansen och Jan Norman.



Metropolitan area networks Together with the local energy companies we have built and are building metropolitan area networks in Göteborg, Halmstad, Värnamo, Katrineholm, Borlänge, Sandviken, Uppsala, Kramfors and other locations. Often, the networks must function both to inter-connect public service providers and provide an opportunity for the municipality/energy company to offer citizens and companies various services, such as fast Internet access, integrated telephony and TV/video services.

Housing networks Focus is on operator-neutral networks with active network owners who manage the network and provide value-added services to the network. Irrespective of technology, we can offer secure networks with high future value. The technical solution is a network that can handle several service suppliers in the same infrastructure. The network has very high built-in security that guarantees the integrity for each individual household.

Industry Process industries, such as steel and forest/paper have a long history in the business area. We possess good understanding of the specific

requirements and also of the management structure and decision-making process in the industrial sector. Our strategy is to live close to customers through complete and broad offerings of integration as well as installation services.

Telecom We offer powerful solutions for telephony and integration between telephony and data communication. Examples are IP telephony, including advanced solutions for referral and wireless telephony. The unit cooperates with market-leading suppliers, which provides access to the strongest offering of products and services in telecommunication. These are adapted to conform with today's and tomorrow's requirements from the customers of our customers.

Installation

The Installation unit offers complete systems and services for communications infrastructure. We build systems based on copper, fiber and ra-

dio communication and install high and low voltage facilities. The organization is regional, with coordination of the functions for sales, technology and logistics. Important suppliers to the Installation unit include AMP, Avaya and Nexans.

Consulting

The Consulting unit offers advanced consultants in four areas:

Project Management Project management services include overall management of major IT projects as well as more technically involved project management.

Communications-oriented Systems Development Here we develop applications according to customer-specific needs, such as billing systems for telephony.

System Management In this area the unit is one of the Nordic Region's leading consulting houses with particular technical competence around Computer Associate's surveillance tool Unicenter TNG.

Network Operative In Network Operative we offer design as well as implementation and operating competence in various network operatives and environments for thin clients.

Operations

Unit Operations delivers services for Internet access, media and Cable TV, and also functions as communications operator in metropolitan area networks. Operations are stationed in Ängelholm, where functions for technology, administration and operation are located.

Network surveillance is handled from the unit's own Net Operating Center (NOC). Operations also manages and monitors the metropolitan area network in the Municipality of Ängelholm. This network was acquired from the Municipality during 2001 and includes a total of about 550 kilometers canalization, fiber and coaxial cable.

Internet Access The unit delivers one of the market's most differentiated offerings of In-



ternet access, where a number of supplementary services are available in addition to the basic subscription. The main customer groups are private individuals and smaller companies and organizations.

Media Media is an information portal that can be adapted to all types of companies and organizations. Users of the portal include real estate management firms that offer their tenants a fast, two-way communication route. The portal can also be distributed via the cable TV network.

Cable TV Cable TV services are offered in the form of basic cable and two additional packages. The services are offered both in the unit's own metropolitan area network in the Municipality of Ängelholm and to other customers.

Communications Operator In the process of procurement for metropolitan area networks communications operators have become in-

creasingly in demand. Consumers are to be able to choose Internet access and other services without being bound by the property owner's multi-year contracts. Both municipalities and energy companies have invested heavily in their communications infrastructures, but their revenue has not yet reached expected levels. A communications operator service is therefore often procured, the task of which it is to connect the underlying networks, thus creating a unified infrastructure.

The network infrastructure will then be kept operating and monitored so as to give a number of independent ISPs (Internet Service Provider) and ASPs (Application Service Provider) an opportunity of delivering services to end users. Revenue from end user subscription fees is then shared among ISP/ASP, the communications operator and the network owners.



Welcome to SL Customer Service

SL Customer Service is a new company in the SL Group since the turn of the year 2001/2002 and it is 51-percent owned by SL. The remaining 49 percent stake is owned by the entrepreneur's who drive for the company, which means that customer service provides service to external as well as internal customers.

SL Kundtjänst AB give Stockholm residents information about time tables, travel routes and prices, and collect viewpoints from customers. The traffic information unit is open every day of the year and viewpoint management is open during office hours. SL also offers a voice-controlled travel planner since before and this is now reached via telephone number 08-600 10 00 on a 24/7 basis.

About 60 full-time persons answer all manner of questions about travel. In addition to all customer service call takers being good map readers, they are also service-oriented, fast and efficient. The goal is to provide everybody with professional assistance in a timely fashion and that the customer should be able to contact Customer Service in the way that suits them best.

– We get more than 2 500 calls per day from customers and travelers, says Viktoria Wending, systems manager for SL Customer Service. We can't afford systems break-down. We are therefore dependent on a well-functioning telephone switchboard with large capacity.

Previously, Customer Service had an antiquated switchboard with small and expensive development potential. The load on personnel and the switchboard was extremely high. During 2001 it was decided to replace the entire switching system.

– It is extremely important for us to have a reliable switchboard solution, which also has capacity to grow, says Viktoria. We wanted a solution that was way ahead in development, but still had a well-trying base to stand on.

– Those desires guided us when we made the choice of system. As partner we selected Fiberdata, who got the assignment after extensive evaluation

in stiff competition. Function, suppliers, price and references were some of the parameters that formed the basis for the evaluation.

– Fiberdata had good references from Thorn's telephony solution and when we compared the switchboard's modernity and functionality, we made our decision, says Viktoria. The solution for e-mail and co-browsing was also more modern and better integrated into Fiberdata's proposal than in the other proposals.

SL now has a single customer service provider with a single telephone number. Those who call automatically get help to make a number of selections and also information about the current call backlog. The new customer service solution has a smart queue function that makes customer contacts with SL more efficient, regardless of the character of the issue.

Next step: complete contact center

SL Customer Service now has a modern system with much better control over incoming calls than before. The customer service call takers will also in the future answer questions about bus and train schedules, routes and how to get from A to B, but in the new system they get a more varied method of working. They don't have to answer phones for the entire work shift, which obviously contributes to a more attractive work environment.

– As the next step we will look at the possibilities of integrating e-mail and co-browsing via the Web to build a complete Contact Center, informs Viktoria. Our current Website has 23 000 visitors per day. The system solution we chose can be further developed to integrate all incoming customer contacts and give them attention regardless of mode of contact. – Thanks to the new technology we can improve our customer relations even more.

Viktoria Wending is systems manager at SL Customer Service. She knows by her own experience the consequences of a small error in the switchboard system.



Akalla Husby Nätort Gives Multiplicity

Cultural, ethnic and social multiplicity is characteristic of Akalla and Husby in northern Stockholm. In 1996 the thought was born among members in a number of condominium associations in the area to create “The network of the future for the users.”

– We knew that there was a desire among residents to view different foreign TV channels, says Hans Ohlsson, who is one of the initiators of Akalla Husby Nätort. TV, after all, is the only way for many to keep informed about what is happening in the home country and we wanted to give them the technical opportunities.

In 1999, six condominium associations and one home owner association with a total of 2 200 apartments and 175 row houses came together in a project aimed at building an open broadband network with room for several suppliers of various services. An incorporated association was formed and given the name Akalla Husby Nätort. The associations coordinator was Hans Ohlsson.

– It is the association that negotiates with the suppliers and handles the administrative chores, he says.

Fiber best

A specification of requirements was drawn up during the fall of 2000. The association decided early on that it wanted optic fiber rather than copper, in part to get stable transmission without speed limitations and to reduce the number of switches and other hardware in the network. With optic fiber you also get a scalable system more adapted to future needs.

– We offered seven or eight suppliers to give us quotes. Of those we chose four that were able to supply systems according to our specifications.

In June 2001 Akalla Husby Nätort decided to place the order with Fiberdata, whose quote was best able to meet the specification of requirements. Fiberdata also had good references corresponding to the demands. Fiberdata's as-

signment was to pull cable, deliver and install hardware in the network and to install jacks in all apartments.

Popular project

The idea of building the network was well supported among the residents.

– Many have been positive, others more skeptical, says Hans Ohlsson. The involvement of the residents and the many well-informed questions we have received is gratifying. They know that the deal is worth SEK 20–25 million, but we have been able to explain the economics to them and that it is an investment that will be profitable in the longer term.

Negotiations are currently under way with several other associations that have also shown interest in becoming members of the incorporated association.

The residents decide

A total of 2 200 apartments with about 7 000 residents can now get broadband connection at a cost of about SEK 180–200 per month. They will also gain access to other services at very competitive prices, such as cable TV and video-on-demand. TV in the system not only provides access to more channels, but also reduces the need for parabolic antennas on roofs and balconies. There are also plans to use the network for IP telephony, real estate management and surveillance.

Every household member can choose the supplier with the right performance at the right price and it is simple to switch when conditions change. In other words, it is possible for one and the same household to buy services from several operators at the same time, over one and the same connection.

– We build something that is both useful and fun for our residents, says Hans Ohlsson in summing up Akalla Husby Nätort.

Hans Ohlsson is the coordinator in Akalla Husby Nätort and was in on the original negotiations with Fiberdata.



Sweden's Largest Active Metropolitan Area Network

GothNet is one of Sweden's most experienced network and communications operators. The company owns, runs and sells communications services in an operator-independent metropolitan network in Göteborg and western Götaland. Customers are mostly operators, but also public administration, and private and municipal property owners.

The business in GothNet was previously in Göteborg Energi, but was placed in its own company three years ago. The basic network has grown from 250 to 700 kilometers and the company has about 300 corporate customers and 6 000 private customers with cable TV and/or Internet. GothNet owns the active equipment and rents out capacity in what is Sweden's largest active metropolitan area network.

GothNet offers a broad range of cable TV and broadband services to multi-family housing and private home and row house areas. The company can also reserve bandwidth for corporate customers with stringent requirements for use in mission-critical systems.

During 2003 GothNet will build its network in such a way that every customer can choose Internet and service provider. The only condition is that the supplier is connected to GothNet. The advantages abound – the customers have great freedom of choice in combination with the security of a strong local player being a part of the value chain.

Economy, security and competence

– When the debate about broadband was at its peak, a metropolitan area network was already in existence in the Göteborg region, says Mats Devert, who is President of GothNet. But in order to be able to offer a broadband alternative, worth its price also to people in areas with private homes, we chose to build a new cable TV network in conjunction with installation of district heating.

As cooperation partner in the project GothNet chose Thalamus Operations. Thalamus has participated in the design and implementation of the networks, and also handles customer support via Thalamus Operating Center in Ängel-

holm. Thanks to Thalamus' knowledge and experience, it is possible to offer home-owners broadband in a cost-efficient way.

– We chose Thalamus Operations because it is a company of suitable size, with high competence and because the personal chemistry was a good match, says Mats Devert.

Also Fiberdata, which is now a part of the Thalamus Group, is one of GothNet's cooperation partners since ten years, when Fiberdata was one of the builders of the network. Fiberdata remains one of GothNet's main suppliers.

– In Fiberdata we have a reliable partner with whom we have cooperated for a long time. Among other things, they have designed the fiber-based backbone network and they still deliver equipment and assist us with technical competence. The relationship works extremely well and we both see it as a long-term involvement. Fiberdata stands for size, security and high competence, says Mats.

Large potential in the region

During 2002 GothNet launched Västgötaringen in cooperation with other metropolitan area networks in western Götaland. The purpose of the ring is to make it easy for customers to utilize the synergy effects that cooperation are expected to generate in a simple and cost-effective manner. The customers are able to connect their operations in the region in spite of them being geographically spread out. GothNet acts as an independent network and communications operator in the cooperation.

In the future GothNet will be a pure network and communications operator and will be a leading player in the best sense of the word.

– The future looks positive, says Mats. We will go back to the basics in our business, making available the superhighways of IT, manage Västgötaringen (which is an additional 480 kilometers of basic network) and grow regionally. There is great potential for broadband to housing in the region.

Mats Devert is President of GothNet, who chose to cooperate with Thalamus when the company built a new cable- TV-network in Göteborg.



Steel Production Requires Functioning Network

Steel is an absolute necessity for industry's and the entire society's development. We come into contact with steel everywhere. In transportation, in the kitchen, at the hospital...

SSAB Tunnplåt in Luleå uses 4.5 million tons of iron ore pellets, coal, scrap, lime and alloy substances each year. Most of it becomes steel. SSAB Tunnplåt is the Nordic Region's leading manufacturer of thin sheet steel, and one of the leading developers in Europe of high-strength steel.

The plant operates around the clock, 365 days a year. With a thousand computers technology is a crucial factor in producing steel without disturbances. A stoppage of production costs up to a thousand times more than if the fault is prevented or addressed early.

Bengt E. Axberg, IT manager, and Kurt Widgren, project manager, at SSAB Tunnplåt AB Metallurgi in Luleå, are well aware of the importance of functioning technology.

– We had networks which were becoming overtaxed and knowing the consequences of a stoppage of production, the decision was made, together with SSAB in Borlänge, to coordinate procurement and upgrading of the networks in Luleå and Borlänge.

In November 2001 a well thought-out specification of requirements for the network in Luleå was completed. The procurement process was set in motion and seven or eight suppliers came in with quotes.

Coordination gains

– We chose Fiberdata especially for their local presence in Luleå and Borlänge, but also because of their good references and the personal experience we have of their equipment. Support also played an important role, says Bengt.

– The installation phase went extremely well and production has continued as usual, says Kurt.

Aside from SSAB's personnel in Luleå and Borlänge now being able to take advantage of the fact that the networks are based on the same

technology, other companies in the SSAB Group and various cooperation partners also benefit.

The new networks reduce the number of disturbances because the capacity has been expanded and additional redundancy has been added. This makes for better conditions for other types of communication over the network, which makes it possible to reduce travel expense. This in turn reduces the environmental impact – an important part of SSAB Tunnplåt's policy.

– We are convinced that our new network in Luleå both has prevented and will prevent many disturbances, stoppages and failures in production, says Bengt. We gain in lower costs related to disturbances.

– We have actually already benefited from the services in the new system, says Kurt. Via SMS we received an early warning of an impending failure at the coke plant in Luleå. This knowledge made it possible for us to correct the fault without any disturbance whatsoever in production.

A foundation for the future

SSAB Tunnplåt has created a platform with latest available technology, which also allows integration of several different systems. Video over the network is also made possible, as well as IP telephony and the opportunity for surveillance and alarm management is improved.

–The possibilities of technology are fantastic, says Bengt. If used correctly, it creates conditions for raising productivity, so that we, for example, can produce the right number of tons at the right cost. The challenge is to make advancements every year and become better than the year before. You have to find ways and means of using the technology in a way that contributes to creating long-term profitability in operations.

Bengt E. Axberg is IT manager and Kurt Widgren is project manager at SSAB Tunnplåt AB Metallurgi in Luleå. They know that, correctly used, technology can do wonders.



Administration Report

The Board of Directors and the President hereby submit their annual report for Thalamus Networks AB (publ), organization number 556394-1987, for the financial year ended December 31, 2002.

Thalamus Networks was founded in 1987 and operations were transferred to the current corporate entity in 1990. The Company's new name was registered April 13, 2000.

The Class B share of Thalamus is listed on the O-list of the OM Stockholm Stock Exchange since September 4, 2000.

Operations

Through specialists and in cooperation, the Thalamus Networks Group, which includes Fiberdata AB with subsidiaries since September 2002, offers communications solutions and services that meet high requirements for performance and security.

From November 2002, the Group is organized in four units: Integration, Installation, Consulting and Operations.

Unit Integration offers customer-unique solutions for data communications and telecommunications based on standard technology.

Unit Installation offers systems and services for infrastructure. Copper and fiber-based cable systems, as well as systems for radio-based communication, are offered.

Unit Consulting offers consultants for project management, design of communications solutions, systems management and operating systems for networks.

Unit Operations acts as a communications operator in metropolitan area networks, delivers cable TV services and performs technology-independent surveillance services.

Net revenues increased from SEK 39 992 000 to SEK 146 161 000, which means an increase by 265 percent. The increase in net revenues not including Fiberdata was 12 percent. Operations grew substantially during the year, primarily as a consequence of the acquisition of Fiberdata AB as of September 2002. The acquisition accounts for SEK 101 300 000 of the Group's revenues for 2002.

The operating result was SEK -3 021 (-26 049). The consolidated result improved steadily

during the year and the acquisition of Fiberdata had a positive impact on earnings.

The profit after financial items was SEK 7 424 000 (-17 772 000). The positive net of financial items is explained by the fact that most of the funds obtained in the equity offering in March 2000 was invested in financial instruments awaiting interesting investment opportunities. Intra-Group purchases and sales amounted to SEK 11 144 000.

Future development

A level of sales roughly equal to that of 2002 is expected for 2003 and a positive result for the Group as a whole.

Acquisition

Effective October 4, 2002 Thalamus acquired Fiberdata AB. The job of realizing available coordination advantages and synergies has been all but completed.

Foreign exchange policy

The Company's purchases of modems, etc. for the Internet operations are in US dollars (USD) and account for about one third of total purchases of goods for resale. These purchases are currently not hedged because of their limited scope. In the case of major individual transactions, equipment is offered in USD, which limits the currency risk. The currency exposure will be protected when the volume of purchases and the foreign exchange rate so warrant.

Environmental impact

The Group's operations require no special permits. An environmental policy was adopted during 2000.

Related party disclosures

During the year, the Group paid MSEK 0.6 in fees to closely related parties. The transactions are on business-like terms and conditions.

Significant events during the financial year – Parent Company

Fiberdata AB was acquired as of September 2002 for total purchase money of MSEK 22.4. A total

ownership stake of 17 percent of the capital and 19 percent of the votes in TurnIT AB was obtained under the guaranty issued in conjunction with TurnIT's new issue.

Significant events after the period under review

A Letter of Intent was signed with the Municipality of Kumla relating to the role of communications operator. The intention of the parties is to conclude an agreement as soon as possible. Thalamus has become significantly stronger in the metropolitan area networks market, and in our opinion the opportunities for doing additional business are very good.

Since before, Fiberdata has a strong position in public sector procurement of metropolitan area networks. This position is now strengthened as the company will also conclude frame agreements with The Swedish Agency for Administrative Development for subscriber switches.

In the ranking by The Swedish Agency for Administrative Development, Fiberdata's switching solutions with peripheral systems received very high grades. A total of seven suppliers are included in the frame agreement, which is expected to generate revenues of MSEK 300 over the two-year term of the agreement. The agreement increases Fiberdata's opportunities of offering customers in the public sector pure telecom solutions as well as converging network solutions.

Work of the Board of Directors

The Board of Directors of Thalamus convened on ten occasions during 2002. The Board of Directors has adopted rules of procedure for the board-of-directors-work and there are instructions for the President and Chief Executive Officer.

Proposed allocation of earnings

Consolidated unrestricted equity amounts to SEK 11 675 000. Provisions to statutory reserves in the amount of SEK 200 000 are suggested.

The following amount is at the disposal of the Annual General Meeting of the Parent Company:

Unrestricted equity	SEK 12 712 652
Total	SEK 12 712 652

The Board of Directors and the President propose that the funds available be allocated thus that SEK 200 000 be transferred to the legal reserve and that SEK 12 512 652 be carried forward.



Financial Statements

STATEMENT OF INCOME

SEK thousand	Note	2002	Group 2001	2000	Parent Company		
					2002	2001	2000
Operating revenue							
Invoicing		145 850	47 203	25 735	1 144	33 482	25 914
Change in work on contract		311	-7 211	2 009	-	-7 211	2 009
Net revenue	1	146 161	39 992	27 744	1 144	26 271	27 923
Operating expenses							
Goods for resale		-65 473	-16 558	-18 282	-	-14 008	-18 282
Other external costs *)	2	-22 439	-20 101	-14 586	-3 156	-16 884	-14 309
Personnel costs **)	3	-49 643	-21 377	-17 113	-2 442	-18 978	-17 113
Depreciation, amortization and writedowns of tangible and intangible assets	4,7,8	-11 627	-8 005	-1 890	-2	-2 364	-1 845
		-149 182	-66 041	-51 871	-5 600	-52 234	-51 549
Operating result		-3 021	-26 049	-24 127	-4 456	-25 963	-23 626
Result from financial investments	5						
Interest income and similar revenue from financial investments		8 888	9 300	8 656	9 394	9 298	8 472
Interest expense and similar costs for financial investments		-1 888	-1 023	-136	-360	-	-132
Writedown of shares in Scandinavian Micropayment AB		-	-	-	-	-600	-
Result from shares in other companies		-	-	-240	-	-	-630
Result from short-term investment in stocks		3 445	-	-	3 445	-	-
		10 445	8 277	8 280	12 479	8 698	7 710
Net result after financial items		7 424	-17 772	-15 847	8 023	-17 265	-15 916
Minority interest		-	-	85	-	-	-
Year-end appropriations							
Change in timing difference reserve		-	-	-	-	-	52
Taxes on the year's result	6	4 251	52	19	4 387	-	-
Net result for the period		11 675	-17 720	-15 743	12 410	-17 265	-15 864
Earnings per share		1,26	-1,91	-1,77			
Number of shares outstanding at end of period	9 271 456	9 271 456	9 271 456	9 271 456			
Average number of shares outstanding	9 271 456	9 271 456	8 897 386				

*) of which costs for shrinking the organization 2001, -1 723

**) of which costs for shrinking the organization 2001, -1 777

BALANCE SHEET

SEK thousand	Note	Group			Parent Company		
		12/31/2002	12/31/2001	12/31/2000	12/31/2002	12/31/2001	12/31/2000
Assets							
Fixed assets							
Intangible fixed assets	7						
Goodwill	7	8 879	2 640	137	–	–	–
Tangible fixed assets							
Buildings and land	8	2 494	–	–	–	–	–
Equipment, tools, installations	8	59 086	46 911	3 934	12	10 206	3 934
Financial assets							
Due from Group companies		–	–	–	13 720	2 574	–
Shares in Group companies	9	–	–	–	57 240	18 884	879
Other long-term securities	10	23 191	15	15	23 181	15	15
Total fixed assets		93 650	49 566	4 086	94 153	31 679	4 828
Current assets							
Inventories							
Finished products and goods for resale		19 788	740	808	–	740	808
Work on contract		8 097	–	1 479	–	–	1 479
Short-term receivables							
Accounts receivable		62 397	7 483	7 345	28	4 075	7 345
Other receivables		4 084	368	283	409	326	113
Deferred tax claim	14	190	–	–	4 270	–	–
Prepaid expenses and accrued revenue	11	4 295	2 387	4 578	566	2 046	4 578
Short-term investments	12	144 601	205 000	218 719	144 601	205 000	218 719
Cash and bank balances		26 016	2 593	22 867	9 212	2 297	22 569
Total current assets		269 468	218 571	256 079	159 086	214 484	255 611
TOTAL ASSETS		363 118	268 137	260 165	253 239	246 163	260 439

BALANCE SHEET

SEK thousand	Note	Group			Parent Company		
		12/31/2002	12/31/2001	12/31/2000	12/31/2002	12/31/2001	12/31/2000
Shareholders' equity	13						
Restricted equity							
Share capital, 9 271 456 shares, SEK 0.10 nominal value each		927	927	927	927	927	927
Premium reserve		–	–	–	235 568	252 833	268 697
Restricted reserves		235 264	252 833	268 782	–	–	–
Total restricted equity		236 191	253 760	269 709	236 495	253 760	269 624
Unrestricted equity							
Retained earnings		–	–50	–256	303	–	–
Net result for the year		11 675	–17 720	–15 743	12 410	–17 265	–15 864
Total unrestricted equity		11 675	–17 770	–15 999	12 713	–17 265	–15 864
Total shareholders' equity		247 866	235 990	253 710	249 208	236 495	253 760
Provisions							
Provision for taxes	14	–	3 131	–	–	1 367	–
Total provisions		–	3 131	–	–	1 367	–
Long-term liabilities							
Committed credit facility	15	3 825	3 866	–	–	–	–
Due to Group companies		–	–	–	131	–	500
Other long-term liabilities	16	12 923	10 000	–	–	–	–
Total long-term liabilities		16 748	13 866	–	131	–	500
Current liabilities							
Work on contract		–	112	–	–	112	–
Accounts payable		38 669	3 444	3 071	438	2 093	2 741
Due to Group companies		–	–	–	–	681	–
Other liabilities		36 295	1 047	457	1 423	310	511
Accrued expenses and prepaid revenue	17	23 540	10 547	2 927	2 039	5 105	2 927
Total current liabilities		98 504	15 150	6 455	3 900	8 301	6 179
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		363 118	268 137	260 165	253 239	246 163	260 439
Pledged assets	18	65 502	18 000	–	–	–	–
Contingent liabilities	19	8 069	1 101	126	8 069	1 101	126

STATEMENT OF CASH FLOW

SEK thousand	2002	Group 2001	2000	2002	Parent Company 2001	2000
Indirect method						
Current operations						
Operating result	-3 021	-26 049	-24 127	-4 456	-25 963	-23 626
Adjustment for items not affecting liquidity	11 627	8 005	2 074	-90	2 347	1 926
Interest income	10 445	8 277	4 412	12 479	8 698	4 232
Current taxes	-	52	-	-	-	-
Cash flow from current operations before changes in working capital	19 051	-9 715	-17 641	7 933	-14 918	-17 468
Cash flow from changes in working capital						
Decrease(+)/increase(-) in inventories	-5 242	1 547	-25	740	1 547	-25
Decrease(+)/increase(-) in receivables	-5 686	8 198	-1 380	-17 283	3 015	-990
Decrease(-)/increase(+) in liabilities	8 094	-1 938	964	-5 638	2 699	634
Increase (-)/decrease in working capital tied up	-2 834	7 807	-441	-22 181	7 261	-381
Cash flow from current operations	16 217	-1 908	-18 082	-14 248	-7 657	-17 849
Capital expenditures						
Acquisition of businesses	Note 20 -10 229	-4 391	-	-	-	-
Acquisition of financial fixed assets	-23 176	-	-	-49 521	-18 005	-69
Acquisition and disposal of tangible fixed assets	-5 522	-11 693	-4 825	10 285	-7 829	-4 825
Acquisition of fixed assets	-	-	-	-	-	-
Cash flow from investment operations	-38 927	-16 084	-4 825	-39 236	-25 834	-4 894
Financing operations						
New issue	-	-	237 249	-	-	237 249
Increase (+)/decrease (-) in short-term lending	-	3 866	-	-	-	-
Increase (+)/decrease (-) in long-term liabilities	-14 266	-19 867	574	-	-500	112
Cash flow from financing operations	-14 266	-16 001	237 823	-	-500	237 361
CASH FLOW FOR THE YEAR	-36 976	-33 993	214 916	-53 484	-33 991	214 618
Liquid funds at beginning of year	207 593	241 586	26 670	207 297	241 288	26 670
Translation difference in liquid funds						
Liquid funds at year-end including short-term investments	170 617	207 593	241 586	153 813	207 297	241 288

Comments on and Notes to the Financial Statements

Accounting principles

The Annual Accounts have been prepared in accordance with the Swedish Annual Accounts Act and the recommendations and statements of the Swedish Financial Accountings Standards Council. The principles are unchanged from the preceding year.

The Company's assets and liabilities are carried at cost and nominal value, respectively, unless otherwise specifically noted.

Consolidated accounting

The consolidated financial statements include the Parent Company and companies in which the Parent Company, directly or indirectly, own more than 50 percent of the votes. The consolidated financial statements are compiled in accordance with purchase method of accounting. Under that method, the Parent Company's acquisition value for shares in subsidiaries is eliminated against the acquisition value of the subsidiaries.

The acquisition value consists of equity (including the equity portion of untaxed reserves) which after a market valuation of the subsidiaries' net assets exist in the companies at the time of acquisition. Consolidated equity thus includes that portion of subsidiaries' equity which has been added after the time of acquisition.

The difference between the acquisition value of shares in subsidiaries and the market value of the subsidiaries' assets is distributed to the subsidiaries' assets if the book value was lower than the market value. The remainder is reported as goodwill.

Recommendation No. 1 of the Swedish Financial Accountings Standards Council has been applied, which means that year-end appro-

priations and untaxed reserves are not reported in the consolidated financial statements. Year-end appropriations and untaxed reserves are divided into an equity and a tax liability portion. The deferred tax liability is reported as a provision, while the remaining portion is added to consolidated equity.

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency are translated at the year-end rate of exchange.

Research and development

Costs for research and development are expensed in the period incurred.

Receivables

Receivables are carried at the amounts which after individual assessment are expected to be collected.

Inventories

Inventories are valued at cost after due deduction for obsolescence.

Cost is determined using the FIFO method.

Work on contract

Work on contract at a fixed price is valued at sunk direct costs with a markup for a reasonable share of indirect costs. Revenue recognition for work on contract is on a gradual basis.

Leasing agreements

Leasing agreements are accounted for in accordance with the recommendation (RR 6:69) of the Swedish Financial Accountings Standards Council.

NOTE 1 – DISTRIBUTION OF NET REVENUES

SEK thousand	2002	Group 2001	2000	Parent Company 2002	2001	2000
Invoicing Sweden	133 485	39 992	27 744	1 144	26 271	27 923
Invoicing Norway	12 676	–	–	–	–	–
Total net revenues	146 161	39 992	27 744	1 144	26 271	27 923

NOTE 2 – OTHER EXTERNAL COSTS

SEK thousand						
<i>Fees to audit firms</i>						
Audit fee LR Revision	–	11	–	–	–	–
Audit fee Öhrlings PricewaterhouseCoopers	568	140	85	155	140	85
Other consultations Bdo Revision	–	–	36	–	–	36
Other consultations Öhrlings PricewaterhouseCoopers	52	110	38	–	110	38
	620	261	159	155	250	159

NOTE 3 – PERSONNEL

SWEDEN						
<i>Average number of employees</i>						
Men	67	31	27	4	26	27
Women	11	8	5	–	7	5
	78	39	32	4	33	32

SEK thousand						
<i>Salaries and other compensation</i>						
Board of Directors and CEO	2 541	1 305	1 589	1 605	1 305	1 589
Bonus, Board of Directors and CEO	42	–	125	42	–	125
Other employees	25 012	11 841	8 882	685	10 265	8 882
	27 595	13 146	10 596	2 332	11 570	10 596
<i>Social benefits</i>						
Pension costs for Board of Directors and CEO	490	387	390	140	387	390
Pension costs for other employees	2 547	1 597	769	209	1 413	769
Social benefits according to law and agreements	9 258	4 967	3 821	441	4 391	3 821
	12 295	6 951	4 980	790	6 191	4 980

NORWAY						
<i>Average number of employees</i>						
Men	10					
Women	1					
	11					

SEK thousand						
<i>Salaries and other compensation</i>						
Board of Directors and CEO	689					
Bonus, Board of Directors and CEO	–					
Other employees	8 176					
	8 865					
<i>Social benefits</i>						
Pension costs for Board of Directors and CEO	–					
Pension costs for other employees	–					
Social benefits according to law and agreements	1 441					
	1 441					

cont

Note 3 cont'd

COMPENSATION TO BOARD OF DIRECTORS AND MEMBERS OF SENIOR MANAGEMENT

Board of Directors

Directors who are not employed by the Company have received a fee equivalent to one base amount. No other fees have been paid.

President and CEO

A salary in the amount of SEK 991 000 was paid during the year. Pension benefits are based entirely on a general pension plan. A mutual period of notice of six months applies. Work obligation and settlement against other income applies during the period of notice.

Other members of senior management

Pension benefits are based on general and individual pension plans. In the event of termination at the initiative of the employer, unchanged salary is paid for a period of 3–18 months. Work obligation and settlement against other income applies during the period of notice, except in the case of one employee where settlement had not been agreed.

Incentive program

An incentive program exists in the Group under which a bonus is paid if set goals are achieved. The maximum is 30 percent of the basic salary.

NOTE 4 – DEPECIATION AND AMORTIZATION

Operating income is charged with depreciation and amortization according to plan, which is based on original cost and the estimated life of the assets.

The following percentages have been applied:		Residual value according to plan Dec. 31, 2002
Intangible assets other than goodwill	33%	
Goodwill	20%	8 879
Equipment and tools	20%	20 860
Modems	33%	6 892
Cable TV facilities	5%	31 334

Rents for fixed assets are expensed normally during the rental period. When rental contracts call for obligation to take over the right of ownership to rented object after a certain time, this is reported as a fixed asset. Any remaining payment obligation is reported among liabilities. The contracts typically have a term of 3 years.

NOTE 5 – INTEREST INCOME AND EXPENSE

SEK thousand	2002	Group 2001	2000	Parent Company		
				2002	2001	2000
Interest income	8 888	9 300	8 656	9 394	9 298	8 472
Result of short-term investments in stocks	3 445	–	–	3 445	–	–
Interest expense	–1 528	–1 023	–136	–	–	–132
Other financial items	–360	–	–240	–360	–600	–630
Total net financial items	10 445	8 277	8 280	12 479	8 698	7 710

NOTE 6 – TAXES

SEK thousand	2002	Group 2001	2000	Parent Company		
				2002	2001	2000
Current taxes	–82	–5	4	–	–	–
Deferred tax income in tax value of capitalization in tax loss carryforward	4 270	–	–	4 270	–	–
Deferred taxes on temporary differences	63	57	15	–	–	–
Tax effect of Group contribution	–	–	–	117	–	–
Total	4 251	52	19	4 387	–	–

The total tax loss carryforwards amount to MSEK 57, MSEK 37 of which is carried at zero value in the balance sheet.

NOTE 7 – INTANGIBLE FIXED ASSETS

Goodwill

SEK thousand	2002	Group 2001	2000	2002	Parent Company 2001	2000
Opening cost	3 348	228	228	–	–	–
Capital expenditures for the year	7 403	3 120	–	–	–	–
Closing cost	10 751	3 348	228	–	–	–
Opening amortization	–708	–91	–45	–	–	–
Year's amortization	–1 164	–617	–46	–	–	–
Closing accumulated amortization	–1 872	–708	–91	–	–	–
Residual value according to plan	8 879	2 640	137	–	–	–

NOTE 8 – TANGIBLE FIXED ASSETS

Equipment, tools and installations

SEK thousand	2002	Group 2001	2000	2002	Parent Company 2001	2000
Opening cost	80 478	9 321	4 383	15 949	9 321	4 383
Year's reclassification	–	–	–1 310	–	–	–1 310
Capital expenditures for the year	39 043	73 184	4 899	14	8 655	4 899
Year's sales/disposals	–	–2 027	–371	–15 949	–2 027	–371
Closing cost	119 521	80 478	7 601	14	15 949	7 601
Opening depreciation	–33 567	–3 667	–1 838	–5 743	–3 667	–1 838
Year's reclassification	–	–	–410	–	–	–410
Year's sales/disposals	–	288	107	5 743	288	107
Year's acquired depreciation	–16 449	–22 845	–	–	–	–
Year's depreciation	–10 419	–7 343	–1 526	–2	–2 364	–1 526
Closing accumulated amortization	–60 435	–33 567	–3 667	–2	–5 743	–3 667
Book value	59 086	46 911	3 934	12	10 206	3 934

Buildings and land

SEK thousand	2002	Group 2001	2000	2002	Parent Company 2001	2000
Opening cost						
Year's reclassification						
Capital expenditures for the year	3 031	–	–	–	–	–
Year's sales/disposals						
Closing cost	3 031	–	–	–	–	–
Opening depreciation						
Year's reclassification						
Year's sales/disposals						
Year's acquired depreciation	–493	–	–	–	–	–
Year's depreciation	–44					
Closing accumulated amortization	–537	–	–	–	–	–
Book value	2 494	–	–	–	–	–

Tax assessment value: SEK 845 000, of which building SEK 550.

Rents and other leasing fees: 1 499

Rents and other leasing fees: Year 2003 5 004
Year 2004 5 154
Year 2005 5 309
Year 2006 –
Year 2007 –

NOTE 9 – SHARES IN GROUP COMPANIES

Company	Organization number	Registered office	Number of shares	Votes, %	Book value, SEK thousand	
					2002	2001
Thalamus Consulting AB	556448-0464	Ängelholm	3 900	100%	4 810	810
Scandinavian						
Micropayment AB	556594-2942	Luleå	690	69%	69	69
Thalamus Operations AB	556361-9294	Ängelholm	5 201 000	100%	18 005	18 005
Fiberdata AB	556216-8491	Bromma	10 205	100%	34 356	–
Total					57 240	18 884

Thalamus Consulting AB received a conditional shareholder contribution in the amount of SEK 4 000 000 during the year. Fiberdata AB received an unconditional shareholder contribution in the amount of SEK 12 000 000 during 2002. Subsidiaries in Fiberdata AB: BJ El & Datateknik AB, 556261-3967, Norrköping; Broadway AB, 556510-0798, Enköping; City El Morgan Larsson AB, 556610-4443, Trelleborg; Elservice i Trelleborg AB, 556008-7142, Trelleborg; Fiberdata Installation AB, 556535-9881; Fiberdata Nord AB, 556318-5833; Fiberdata Telekom AB, 556598-6742, Stockholm; ITR A/S, Norway.

NOTE 10 – OTHER LONG-TERM SECURITIES HOLDINGS

SEK thousand	2002	Group		Parent Company		
		2001	2000	2002	2001	2000
Opening cost	15	15	255	15	15	255
Year's investments	23 176	–	–	23 166	–	–
Writedowns	–	–	–240	–	–	–240
Closing cost	23 191	15	15	23 181	15	15

The holding in TurnIT AB accounts for SEK 23 166 000 of the year's investments. The total investment amounts to 183 994 Class A shares and 8 026 169 Class B shares, which is equivalent to 16.6 percent of the capital and 18.6 percent of the votes. The holding is carried at cost, which exceeds the current market value at financial year-end by about SEK 6 991 000. The remaining investment of SEK 10 000 refers to 100 shares in Fiberdata Systems AB, equivalent to 10 percent of capital and votes

NOTE 11 – PREPAID EXPENSES AND ACCRUED INCOME

SEK thousand	2002	Group		Parent Company		
		2001	2000	2002	2001	2000
Accrued interest income	353	1 333	4 108	353	1 333	4 108
Prepaid rents	870	–	–	58	–	–
Insurance premiums	437	–	–	81	–	–
Other	2 635	1 054	470	74	713	470
Total	4 295	2 387	4 578	566	2 046	4 578

NOTE 12 – SHORT-TERM INVESTMENTS

SEK thousand	2002	Group		Parent Company		
		2001	2000	2002	2001	2000
<i>Interest-bearing</i>						
Commercial paper	62 461	153 359	118 719	62 461	153 359	118 719
Bank C/Ds	22 760	45 000	100 000	22 760	45 000	100 000
Deposits on special terms	12 344	6 641	–	12 344	6 641	–
Subtotal 1	97 565	205 000	218 719	97 565	205 000	218 719

NOTE 12 cont'd

SEK thousand	2002	Group 2001	2000	Parent Company 2002	2001	2000
<i>Shares, number</i>						
50 000 Broström B	1 925			1 925		
2 000 000 Ericsson B	12 200			12 200		
7 600 Lundberg B	1 482			1 482		
200 000 Skanska B	10 200			10 200		
100 000 Trelleborg B	7 050			7 050		
85 000 Volvo B	12 070			12 070		
30 000 Ångpanneföreningen B	2 760			2 760		
20 000 Ericsson B feb 9 Call 2003	-600			-600		
850 Volvo B jan 160 Call 2003	-51			-51		
Subtotal 2	47 036	-	-	47 036	-	-
TOTAL	144 601	205 000	218 719	144 601	205 000	218 719

Investments are made in interest-bearing instruments with a credit rating of K2 or higher. Interest-bearing financial instruments are valued at cost. Accrued interest is reported among prepaid expenses and accrued income. Short-term investments in shares and options are valued at current market value at year-end.

NOTE 13 – CHANGE IN SHAREHOLDERS' EQUITY

SEK thousand	Share capital	Restricted reserves	Unrestricted reserves	Result for the year	Total
Group 2002					
Opening balance	927	252 833	-50	-17 720	235 990
Translation differences	-	201	-	-	201
Earnings allocation	-	-17 770	50	17 720	-
Net result for the year	-	-	-	11 675	11 675
Closing balance	927	235 264	-	11 675	247 866
Parent Company 2002					
	Share capital	Legal reserve/ Premium reserve	Retained earnings	Result for the year	Total
Opening balance	927	252 833	-	-17 265	236 495
Earnings allocation	-	-17 265	-	17 265	-
Group contribution	-	-	303	-	303
Net result for the year	-	-	-	12 410	12 410
Closing balance	927	235 568	303	12 410	249 208
Group 2001					
	Share capital	Restricted reserves	Unrestricted reserves	Result for the year	Total
Opening balance	927	268 782	-256	-15 743	253 710
Transfers between restricted unrestricted equity	-	-206	206	-	-
Earnings allocation	-	-15 743	-	15 743	-
Net result for the year	-	-	-	-17 720	-17 720
Closing balance	927	252 833	-50	-17 720	235 990

NOTE 13 cont'd

Parent Company 2001	Share capital	Legal reserve/ Premium reserve	Retained earnings	Result for the year	Total
Opening balance	927	268 697	–	–15 864	253 760
Earnings allocation	–	–15 864	–	15 864	–
Net result for the year	–	–	–	–17 265	–17 265
Closing balance	927	252 833	–	–17 265	236 495

Group 2000	Share capital	Restricted reserves	Unrestricted reserves	Result for the year	Total
Opening balance	719	40 310	58	–8 882	32 205
New issue/new issue in progress	208	237 040	–	–	237 248
Transfers between restricted unrestricted equity	–	314	–314	–	–
Earnings allocation	–	–8 882	–	8 882	–
Net result for the year	–	–	–	–15 743	–15 743
Closing balance	927	268 782	–256	–15 743	253 710

Parent Company 2000	Share capital	Legal reserve/ Premium reserve	Retained earnings	Result for the year	Total
Opening balance	719	40 273	–	–8 617	32 375
New issues/new issues in progress	208	237 041	–	–	237 249
Earnings allocation	–	–8 617	–	8 617	–
Net result for the year	–	–	–	–15 864	–15 864
Closing balance	927	268 697	–	–15 864	253 760

The share capital in the Parent Company is divided into 1 033 333 Class A shares and 8 238 123 Class B shares, for a total of 9 271 465 shares. In March 2001 Thalamus Networks AB issued a subordinated debenture loan with detachable options equivalent to 500 000 Class B shares in subsidiary Thalamus Consulting AB. A total of 113 000 of these were acquired by the personnel. Each option entitles its holder to subscribe for one Class B share at a price of SEK 45.60 during the period April 1, 2001 until March 31, 2004. Each option in the loan of year 2000 entitles its holder to subscribe to one share at a price of SEK 136 until July 1, 2003. A total of 100 000 options remain from the subordinated debenture loan of year 2000.

NOTE 14 – PROVISION FOR TAXES

SEK thousand	2002	Group 2001	2000	Parent Company 2002	2001	2000
Deferred tax claim	–4 270	–	–	–	–	–
Deferred tax liability						
Untaxed reserves	3 080	701	–	–	–	–
Other	1 000	2 430	–	–	1 367	–
	4 080	3 131	–	–	1 367	–
Net	–190	3 131	–	–	1 367	–

NOTE 15 – COMMITTED CREDIT FACILITY

SEK thousand	2002	Group 2001	2000	Parent Company 2002	2001	2000
Approved amount of committed credit facility amounts to	8 000	8 000	8 000	–	–	–

NOTE 16 – LONG-TERM LIABILITIES

SEK thousand	2002	Group 2001	2000	Parent Company 2002	2001	2000
The amounts below are the portion of long-term liabilities falling due later than 5 years after year-end:						
Liabilities to credit institutions	10 000	10 000	–	–	–	–

NOTE 17 – ACCRUED INCOME AND PREPAID INCOME

SEK thousand	Group			Parent Company		
	2002	2001	2000	2002	2001	2000
Accrued payroll	440	204	225	280	204	225
Vacation pay	10 922	1 208	858	277	1 137	858
Social benefits	4 507	1 286	937	142	1 167	937
Auditing	302	200	–	33	200	200
Interest	100	47	–	–	–	–
Restructuring costs	706	956	–	206	956	–
Prepaid income	2 429	3 978	–	–	–	–
Other	4 134	2 668	907	1 101	1 441	707
Total	23 540	10 547	2 927	2 039	5 105	2 927

NOTE 18 – PLEDGED ASSETS

KSEK	Group			Parent Company		
	2002	2001	2000	2002	2001	2000
For own debt to credit institutions						
Corporate mortgages	18 500	18 000	–	–	–	–
Escrow accounts	760	–	–	–	–	–
Accounts receivable	46 242	–	–	–	–	–

The corporate mortgages refer to an engagement in Thalamus Operations AB in an amount of SEK18 000 000 and Fiberdata AB SEK 500 000. The accounts receivable have been borrowed against under a factoring arrangement.

NOTE 19 – CONTINGENT LIABILITIES

SEK thousand	Group			Parent Company		
	2002	2001	2000	2002	2001	2000
Guaranties	8 069	1 101	126	8 069	1 101	126

NOTE 20 – ACQUISITION OF SUBSIDIARIES

During September all shares outstanding in Fiberdata AB were acquired from TurnIT AB. The acquisition of Fiberdata AB is reported according to the purchase method and is included in the consolidated financial statements from September 2002. The total purchase amount, including acquisition costs, amounted to SEK 22 356 000. After the acquisition, Fiberdata AB obtained an unconditional shareholder contribution of SEK 12 000 000, after which the total acquisition value amounts to SEK 34 356 000. The total value of acquired assets and liabilities, purchase money and effect on the Group's liquid funds at the time of acquisition was as follows:

SEK thousand	
Goodwill	7 403
Tangible fixed assets	18 668
Financial assets	10
Inventories	22 015
Other current assets	61 618
Provisions	–3 594
Long-term liabilities	–4 017
Short-term liabilities	–79 747
Purchase price	22 356
Part of purchase price not disbursed	–1 300
Liquid funds in Fiberdata AB	–10 827
Effect on Group's liquid funds	10 229

Stockholm, March 7, 2003

Bengt Stillström
CHAIRMAN

Jan Norman
PRESIDENT & CEO

Pär-Ola Andersson

Stig Martin

Claes Thulin

Audit Report

To the Annual General Meeting of Shareholders of Thalamus Networks AB (publ), Company number 556394-1987.

I have examined the Annual Accounts, the consolidated financial statements, the accounting records and the management by the Board of Directors and the President of Thalamus Networks AB (publ) for the financial year ending December 31, 2002. Responsibility for the accounting records and management rests with the Board of Directors and the President. My responsibility is to render my opinion on the Annual Accounts, the consolidated financial statements and the management based on my audit.

The audit was performed in accordance with generally accepted auditing standards in Sweden. This means that I have planned and performed the audit in such a way as to get reasonable assurance that the Annual Accounts and the consolidated financial statements contain no material errors. The audit procedure includes examination of a sample of supporting documentation for amounts and other information in the accounting records. An audit also includes a test of the accounting principles, and the Board of Director's and the management's application thereof, and forming an opinion of the

aggregate information contained in the Annual Accounts and the consolidated financial statements. I have examined significant decisions, actions and circumstances in the company to allow me to form an opinion as to whether any Director or the President is liable for damages to the company, or in any other way has acted contrary to the Companies Act, the Annual Accounts Act or the Articles of Association. I am of the opinion that my audit gives me a reasonable ground for my statements below.

The Annual Accounts and the consolidated financial statements are prepared in accordance with the Swedish Annual Accounts Act and therefore provide a true and fair picture of the Company's and the Group's performance and financial position in accordance with generally accepted accounting standards in Sweden.

I recommend that the Annual General Meeting adopts the Statement of Income and the Balance Sheet for the Parent Company and the Group, deals with the profit in the Parent Company in accordance with the recommendation contained in the Administration Report and that the members of the Board of Directors and the President be granted discharge from liability for the financial year.

Stockholm, March 7, 2003

Lars Wennberg

AUTHORIZED PUBLIC ACCOUNTANT

Senior Management

Jan Norman, born 1957
President and Chief Executive Officer of Thalamus Networks AB
Employed by Thalamus since 2000
Class A shares in Thalamus Networks: 0
Class B shares in Thalamus Networks: 15 000
Warrants in Thalamus Networks: 40 000

Torbjörn Eriksen, born 1961
President of Fiberdata AB
Employed by Fiberdata since 1995
Class A shares in Thalamus Networks: 0
Class B shares in Thalamus Networks: 0

Pär-Ola Andersson, born 1963
President of Thalamus Operations AB and Thalamus Consulting AB
Employed by Thalamus since 1994
Class A shares in Thalamus Networks: 252 000
Class B shares in Thalamus Networks: 268 666 (including family)
Warrants in Thalamus Networks: 0

Atle Hansen, born 1961
President of ITR AS
Employed by ITR since 1996
Class A shares in Thalamus Networks: 0
Class B shares in Thalamus Networks: 0

Auditors

Lars Wennberg, born 1957
Authorized Public Accountant
Öhrlings
PricewaterhouseCoopers
AB Stockholm
Auditor of Thalamus Networks since 2000.

Susanne Westman, born 1966
Deputy Auditor
Authorized Public Accountant
Auditor of Thalamus Networks since 2000.



Bengt

Claes

Jan

Stig

Pär-Ola

Board of Directors and CEO

Bengt Stillström, Chairman, born 1943.

Principal owner, AB traction.

Other assignments:

Chairman of AcadeMedia AB.

Director of Haldex AB, AB Traction and other assignments.

Elected to the Board of Directors: 1998.

Class A shares (own holding in Thalamus Networks: 86 667

Class B shares (own holding in Thalamus Networks: 86 667

Pär-Ola Andersson, Director, born 1963.

President of Thalamus Operations AB and Thalamus Consulting AB.

Other assignments: Director of Fiberdata AB.

Elected to the Board of Directors: 1990.

Class A shares in Thalamus Networks: 252 000

Class B shares in Thalamus Networks: 268 666 (incl. family)

Warrants in Thalamus Networks: 0

Stig Martin, Director, born 1945.

Other assignments: Director of Softronic AB and TurnIT AB.

Elected to the Board of Directors: 2002

Class A shares in Thalamus Networks: 0

Class B shares in Thalamus Networks: 0

Claes Thulin, Director, born 1955.

President of Biophausia AB

Other assignments: –

Elected to the Board of Directors: 2001

Class A shares in Thalamus Networks: 0

Class B shares in Thalamus Networks: 10 000

Jan Norman, President and CEO

of Thalamus Networks AB, born 1957.

Other assignments: Director of TurnIT AB and Fiberdata AB.

Elected to the Board of Directors: 2002

Class A shares in Thalamus Networks: 0

Class B shares in Thalamus Networks: 15 000

Warrants in Thalamus Networks: 40 000



Definitions

Capital employed

Balance sheet total, reduced by non-interestbearing liabilities, including deferred tax liability.

Earnings per share

Profit for the year relative to average number of shares outstanding.

Equity ratio

Shareholders' equity and minority interest as a percentage of balance sheet total.

Financial net assets

Liquid funds and short-term investments and other long-term securities holdings, less interest-bearing liabilities.

Gross margin

Gross margin as a percentage of operating revenue. Gross profit is defined as gross profit before depreciation.

Interest coverage ratio

Profit after financial items, plus interest expense and exchange rate differences relative to interest expense, not including exchange rate differences.

Net cash flow per share

Operating cash flow before capital expenditures and current taxes in relation to average number of shares outstanding.

Operating margin

Operating profit as a percentage of operating revenue.

Profit margin

Profit after financial items as a percentage of operating revenue.

Return on capital employed

Profit after net financial items, plus interest expense, as a percentage of average capital employed.

Shareholders' equity per share

Shareholders' equity in relation to number of shares outstanding at year-end.

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