

*Sketch of
Aerial stand*

*Glass fibre
profile*

Side view

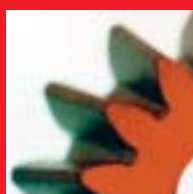


profile

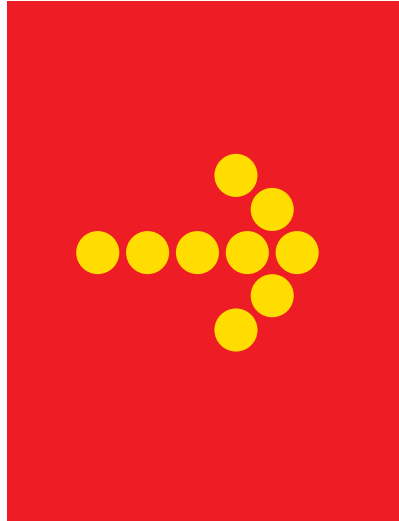
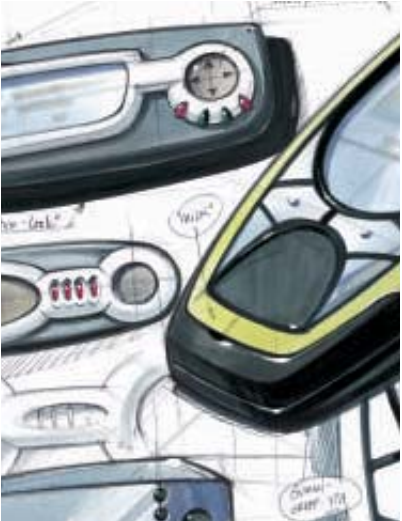
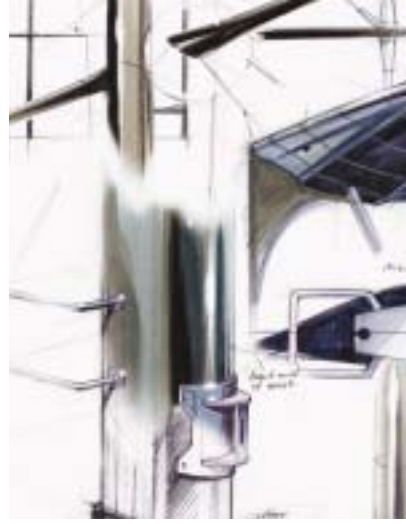
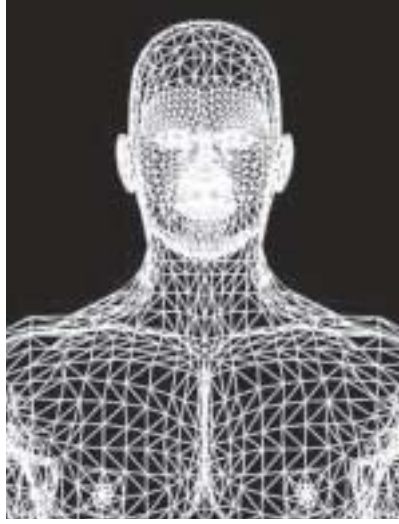
*Support inside
of stainless steel
pole (1.9m)*

*place for
Spectrometer
and other
equipment*

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The most creative of all industrial designers – Mother Nature – has perfected her product development over a long period. Her aim is for the greatest possible growth and most feasible life. She knows that the lotus flower must be eaten for the seeds to be dispersed. The plant must have a tasteful design as well as being functional to protect the next generation of lotus flower. In the long-term the competition is won by the plant that manages to satisfy both these requirements the best. The same rules apply to the cars of the future.



A growing need

Faster development creates
simple and enjoyable products

Semcon is one of Scandinavia's leading design and development businesses with around 1,600 highly trained staff. Semcon's consultants help companies to develop products faster, with improved design and featuring the latest technology. The combination of strong relationships with leading industrial companies and profitable growth over the past twenty years forms the basis for continued success.

Semcon's greatest strength is that the company can take complete responsibility for entire development projects with integrated teams of project managers, technicians and designers. This improves production economics, rationalises processes and enables product development to be co-ordinated for the global market. It explains the customer benefit we offer in our development projects - winning.

Semcon has chosen to work in the Vehicle, Telecom, Medical & LifeScience and Industry sectors, where development is most intensive. Semcon has extensive experience and sound know-how in these areas. Semcon's consultants handle complete processes in the following areas:

- Product development
- Production development
- Design
- Management
- Technical information
- Systems and website development
- IT support

Year in review

2001 in brief

STABLE GROWTH DESPITE A WEAK MARKET

Semcon reported a sales increase of 19 percent for its consultancy business in 2001, despite the market's rapid downturn in the second half of the year. The downturn was mainly noticeable in falling demand for IT and telecom services and the Stockholm region was worst hit. Overall, consolidated sales were up by 11.9 percent at SEK 1,127 million. Growth was organic and came in the outsourcing sector.

A rationalisation scheme was implemented during the autumn. This is progressing according to plan and will produce savings of a minimum SEK 50 million a year. The number of employees also dropped during the year by around 100, of whom around 30 were administrative staff. Offices and departments that showed poor profitability were closed.

The year has given us a number of reasons to celebrate despite the tough autumn. Zipper by Semcon, which devises IT strategies for customers and helps to boost the efficiency of IT infrastructure, signed new strategically important agreements with customers such as Akzo Nobel and Mölnlycke Healthcare. Our newly started specialist activity within the area of Medical, LifeScience, signed significant agreements with customers such as Novo Nordisk and Pharmadule/Emtunga. Within Informatic, which specialises in technical documentation, we have established a

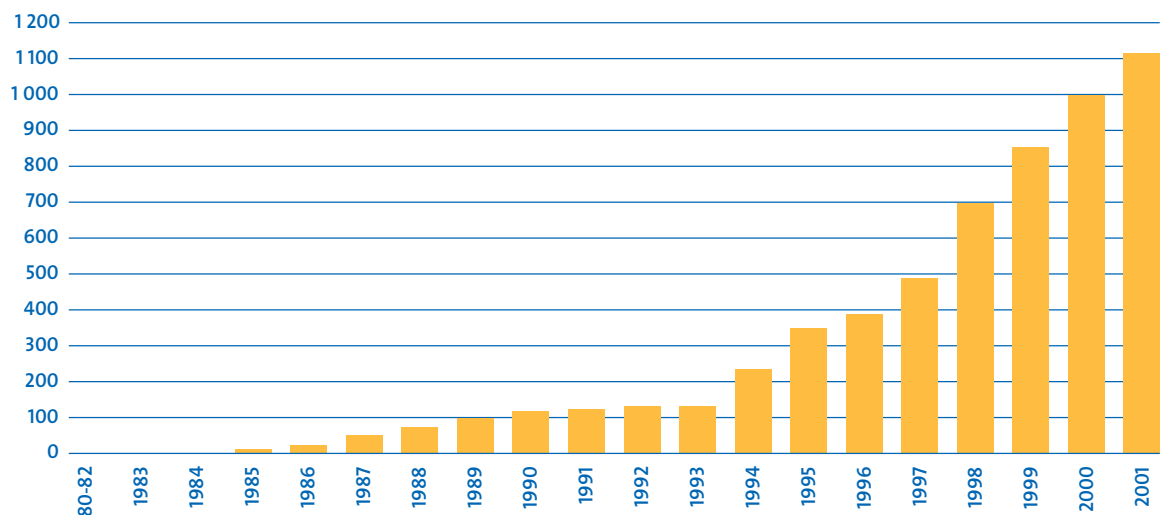
lead position within northern Europe thanks to a unique partnership concept. We received continued confidence from our customers through the extension and expansion of our partnership with Volvo Car and new partnership agreements signed with Besam and ABB.

The market as a whole will continue to be weak during the first half of 2002. Profitability will be prioritised ahead of growth. It is the company's opinion that the rationalisation scheme carried out will lead to increased profitability for the year as a whole.

IMPORTANT EVENTS IN 2001

- Swift growth for Zipper by Semcon, two new departments opened in Stockholm and Göteborg. Operations divided into Zipper Tech and Zipper Systems.
- LifeScience – an agreement with APV strengthens competence with new employees within Medical
- Test & Design opened in Stockholm, with a dozen employees, providing cutting-edge electronics competence
- Extended co-operation with MSX International to supply Ford's Premium Automotive Group with global service
- Semcon became a member of Telematics Valley

Semcon's sales trend, (SEK m)



- Zooma by Semcon was started up to complete Semcon's range in business films and websites
- Large order from Novo Nordisk within LifeScience
- Large order for development assignment from Pharmadule/Emtunga for biotechnology factory in the US
- Order worth SEK 20 million from Saab Automobile for IT equipment for technical development
- Order worth SEK 12 million from Sweden's Defence Matériel Administration for development of base container
- Outsourcing agreement signed with Besam for technical information
- Outsourcing agreement with ABB Flexible Automation for the development of customer documentation
- Semcon chosen as Active Preferred Supplier by Ericsson in western Sweden
- Increased co-operation with Kockums and Scania
- Letter of Intent signed with Ericsson for outsourcing of PROPS

KEY FIGURES

	2001	2000
Sales (SEK m)	1 126.6	1 007.2
Operating profit (SEK m)	5.7	50.1
Equity/assets ratio (%)	28.9	34.1
Earnings per share (SEK)	0.08	1.99
Average number of employees	1 585	1 504



Aims and strategies

A leader in design and development

MISSION

As a close partner to industry we supply the human and technical skills to boost our customers' profits.

VISION

"Semcon aims to be one of the global leaders in design and development".

Semcon will be a company where people can develop and grow. All of Semcon's major customers are global leaders in their industries. It is therefore logical for Semcon to continue growing internationally along with its customers. Through expertise in design, an increasingly important product quality as technology and performance become more difficult to compete with, Semcon boosts the competitive edge of its customers. Semcon's vision has a three to five year timetable.

LONG-TERM BUSINESS OBJECTIVES

- A minimum top-five ranking among potential employees and customers.
- Internationally established.
- Increased focus on value, giving increased value for customers.

FINANCIAL OBJECTIVES

- Semcon aims to maintain an operating margin of above 10 percent over a business cycle
- The debt/equity ratio will remain low and the equity/assets ratio will exceed 35 percent.
- Over the long-term, Semcon aims to pay out 30–50 percent of the profit after tax to Semcon shareholders.

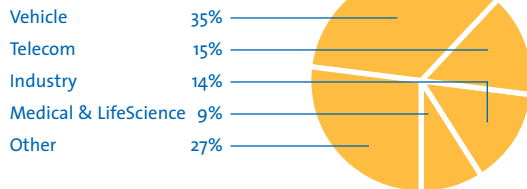
STRATEGIES

To achieve its objectives, Semcon will implement the following strategies:

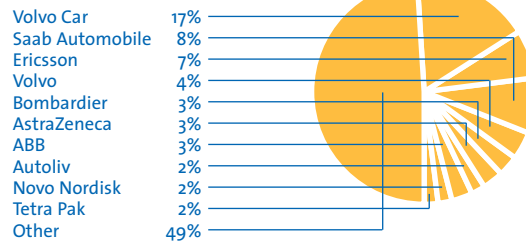
STAFF

Semcon's employees are the most important reason behind the company's success. By developing current employees both professionally and personally, and by recruiting new, highly skilled employees Semcon can continue to develop according to plan.

Sales per industry, 2001



Largest customers, in 2001



We aim to offer various bonus schemes and part ownership in the company in order to enhance commitment to Semcon's long-term development.

CUSTOMERS

Semcon seeks long-term relationships with Sweden's leading industrial companies. Delivering assignments of high quality is a prerequisite for keeping the trust of our customers. The most important means of competition are competence, creativity, commitment, fast service and listening to requirements. This is achieved by local knowledge of customers and their development tools.

The customer base will remain broad, but with a focus on the Telecom, Vehicle, Medical & LifeScience and Industry sectors. Semcon's long-term relationships and strong foothold in Sweden's base industries, along with the downturn in the Telecom sector, has meant that the Industry sector is now a priority. To better meet market needs Semcon has clarified the divisions between its business areas and established focus areas for each sector, appointing Key Account Managers for important customers.

BUSINESS

Semcon will supply a competitive range of services in the areas related to product development. This will be achieved through close communication with customers and through complete solutions covering all areas of competence.

Semcon brings together significant specialist competence and provides customers with improved, developed concepts, methods and solutions, giving them added value.

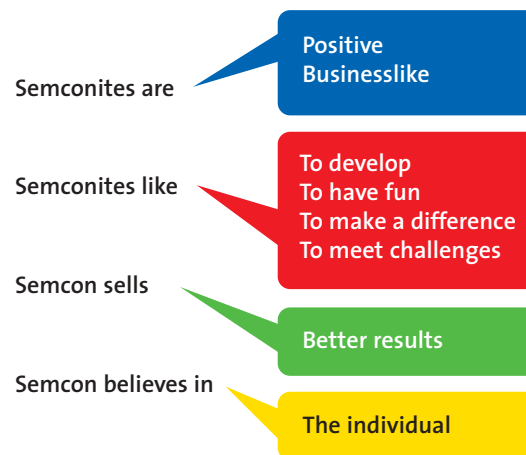
GROWTH

Growth will primarily be organic, but will also be achieved through acquisitions of specialist businesses, and outsourcing in priority areas.

VALUES

Semcon will look after its strong business culture built up since its start in 1980. The company's culture is built on a strong belief in the individual but

also shared values concerning personal responsibility, commitment, sensitivity and co-operation. Semcon's values can be summarised as follows:



OBJECTIVES FOR 2002

- Profitability before growth.
- Continued investment in staff in areas such as industrial design, embedded design and mobile internet.
- Prioritised industries: Telecom, Vehicle, Medical & LifeScience and Industry.
- Focus on increasing the number of total solutions and value-based business
- More partnerships with customers via outsourcing their non-core operations
- Refine our concept to make customers' development and IT environments more effective.

Customers: IMI Indoor Climate and TA Hydronics

Assignment: Developing equipment for fine-tuning an air-conditioning system

A more comfortable indoor climate, lower energy consumption and more effective. This was the result when Semcon developed equipment, servicing routines and fine-tuning procedures during the installation. The project, commissioned by TA Hydronics and IMI Indoor Climate, meant taking total responsibility for producing prototypes, new technologies and concepts for servicing techniques. Scaled down working models were created during the development phase to give a clear picture of the finished product.

The CEO's statement

A year full of ups and downs

The Semcon vision is clear. We want to give both customers and employees quicker, better development. We give our employees the opportunity of exciting, personal and professional development through attractive assignments and challenges, and we can assist the customer from conception through to the end product. The need for new, intelligent technology will increase. Driving forces remain even if a downturn in the economy over a period has had a hold on the market and slowed development. When the winds of change arrive, we will be ready to hoist the sails.

"The need for new, smart technology will rise in future."

2001 will go into the history books as one of great upheaval in our world. For Semcon the year was very special. I have never, neither while at Semcon or otherwise, experienced a more turbulent time. Market signals were positive at the beginning of the year. However, in the second and especially third quarters there were clear signals of a worsening business climate. As the summer ended we noted a fall in demand within the IT and telecom sectors, and we found it easier to recruit competent consultants.

WE ADAPTED TO A WEAKENING MARKET...

At the start of 2001 we were ready for continued growth, but the IT and telecom markets fell suddenly, especially in the Stockholm region. Changed conditions meant we introduced a rationalisation scheme to save SEK 50 million and redress the balance. During the autumn we were forced to terminate the employment of a hundred or so employees. This was a difficult decision and I feel strongly for those affected. We reviewed all our costs, closed unprofitable departments and reduced the number of administrative staff. We now have a more efficient organisation with a sharper sales and marketing focus.

...THERE WAS ALSO GROWTH

A strong contrast appears when I look at the positive events of 2001. One example of success is Zipper, which expanded to around 70 employees and experienced increased demand for products and services. IT Solutions, which supplies tools and methods for more effective product development, progressed well during the year. They have also established a number of quality references within CAD and PDM during the year. Saab signed a 5-year partnership contract with IT Solutions for systems and operational support for

product development environments. Our Medical team launched LifeScience at the beginning of the year with the help of newly recruited experienced consultants. They quickly made their mark in the pharmaceutical industry and secured a number of important deals, including some for other departments. Life Science is currently running comprehensive international projects for companies such as Novo Nordisk of Denmark. Medical & LifeScience has also performed large projects in bio-technology and the process industry. Internationally, we have focussed on following customers on assignment, wherever they may be in the world. In Denmark, all our employees are now located at one office and can benefit from shared infrastructure. A reconstruction has succeeded and Knud E Hansen is also now a member of Semcon Danmark A/S. Co-operation between operations in Sweden and Denmark is growing constantly.

PUBLIC DEVELOPMENT PROJECT

We carried out a successful marketing campaign on the theme of Design2win. This is exemplified in our participation in the Volvo Ocean Race, where we were chosen as the technical and IT partner to ASSA ABLOY Racing Team. Prior to the start of the race our consultants worked intensively. Semcon participated in design and project management when the yacht was built in the UK. We have used the yacht as a communication platform to convey our message. The brand is strengthened when we present our technical competence in the form of the solutions that we've provided. This is a high-tech project that has attracted media attention from more than 80 countries around the world. We arranged other customer activities during the year, too. In Denmark, for example, we have created a long-term customer relationship with ASSA ABLOY, as a direct result of co-operation in the Volvo Ocean Race project.

STRATEGIC AIMS

Semcon reported a sales increase for consultancy activities of 19 percent for 2001 despite the market collapse during the second half of the year being the worst I have seen in 20 years in the industry.

The downturn in the economy means that customers must make their operations more efficient, which creates new opportunities. We managed to fulfil our strategy of increasing the number of projects where





we take complete responsibility as well as increasing our value-based services. At the end of 2001 and beginning of 2002 we signed several important agreements, which confirm that our competence and services are still in demand.

Despite the downturn in the economy we succeeded in achieving most of our strategic goals for 2001, except profitability.

CLOSER TO THE CUSTOMER

The new organisation that was brought into effect in early 2001 has developed further with the aim of supplying the customer with an improved range of complete solutions while creating synergy effects between different areas of competence. We are more concentrated on, and closer to, our customers with Key Account managers and Local Area Managers specifically for all of our top priority customers. We work with a clear business offer and focus on the right competence. From the beginning of the year there will be a quality assurance employee in each region, with the local management team to guarantee the quality of large projects.

CREATING THE ADVANTAGE

Customers continue to reorganise within the value chain. They want to focus on their core operations and outsource parts of their operations. This means that they choose larger and fewer suppliers who have the ability to take on complete responsibility for large assignments. A good example of this is our Informatic

operation, where we were chosen as a partner by companies such as Volvo Car, ABB, Besam and Metso. Globalisation is continuing and fewer, larger companies are emerging after mergers and acquisitions. Rationalisation schemes and consolidation are common occurrences. Possibly the most powerful driving force at the moment is time. "Time to market" and "Time to customer" are in focus. In practice this means shorter development times, shorter delivery times, more short-term decisions and longer payment periods. We are trying different ways in which to find solutions that save time for the customer.

BELIEF IN THE FUTURE AND SHARPER FOCUS

We are equipped to meet the challenges that await us during 2002. I don't think that there will be fewer challenges than last year but hopefully they will be more pleasant. There are many opportunities for doing business. We can achieve our goals by working determinedly and intelligently.

Important key words internally and externally are speed, professionalism and efficiency.

INTERPLAY BETWEEN MAN AND TECHNOLOGY

Looking back at 2001 what I would most like to talk about is the assignments we have carried out and our technical innovations, clever design and intelligent processes. We have shown day-by-day that we have a high degree of competence that strengthens our brand, and that customers want to use our services again and again.



The basic factor affecting our industry is the heavy investment to find new and improved technologies. And the focus on environmental issues and design will continue to increase. Humans drive technology, not the other way around. An innovation must contribute to development within society. If there is no human appeal, there will be no technological revolution. This shouldn't be forgotten when we develop products for the future. It's those companies that have vision and see the link between technology and man that will succeed.

READY FOR THE CHALLENGE

I am pleased about the enthusiasm and fighting spirit shown by all semconites over the past year. We have won many exciting new assignments thanks to a lot of hard work. Despite 2001 being a difficult year in many respects we can look back in hindsight at a time where we showed our ability to handle difficult challenges. We are highly respected by our customers. Our services and consultants' competence are in demand. During the first half of 2002 the market as a whole will continue to be weak. Profitability will have priority ahead of growth. It is my belief that the rationalisation scheme carried out means that we will achieve improved financial results for the full year. The measures that we are implementing mean that we can produce good financial results.

Göteborg 2002
Hans Johansson



Semcon's activities

Good design is good business

Semcon's employees work with technical solutions that make life a little better, simpler and more fun. The key to this is good design. This has always been our way, but now with product development becoming more equal in quality and function, it has made design the major difference. Design has now been given the status it deserves. Good design creates harmony between man and technology, and it's this harmony that will win the consumer's vote, and ultimately their money. Good design is good business.

How is a product developed to create good design? There is a successful recipe that can be varied with different divisions of labour between client company and development company. It looks like this.

1. Integrated team. Designers, technicians, constructors and production planners work together in a hand-picked development team.

2. Entire project. The integrated team takes care of the entire development process from analysis and design to construction and production planning.

3. Local adaption. The team follows the customer to their export markets and develops products on-site to adapt the product range to local cultural differences, needs and customs.

These are the three stages that let the customer develop products faster, with better results and be first to the consumer through launching and selling at the con-

CONCEPT AND DESIGN

Design work should mould the product as a whole, including ergonomics, manufacturability, environmental soundness and aesthetic feel in line with market requirements, to give the product an identity that enhances its qualities. It is at this phase that Semcon can visualise and simulate the product, so the customer can begin the launch process.

IDEA AND INNOVATION

Following the needs analysis they design new, potential solutions, where specialists from different development areas inspire and help each other. The more areas of approach that are used in this phase, the less problems occur later during construction and prototypes.

NEEDS STUDY

The development process begins with a needs analysis. Semcon's employees confirm the task by formulating aims and a project plan. They work out requirement specifications and weigh up the user's needs with technical and budget limitations.

Semcon's range allows the customer to go from concept through the development process to the finished product in the shortest possible time.

1983 Office opens in Göteborg, Volvo becomes a customer.

1985 Office opens in Trollhättan and the first CAD system is purchased.

ception phase. It is the design phase that's the beginning of successful product development. To produce successful and competitive products more quickly, it is important that the other skills needed in development work are in place from the start – together with Semcon's or the customer's designers. With this as the starting point Semcon's future organisation is built up in combi-

nation with cutting-edge technical skills and commercial design. It is our objective to provide this combination in the best way for export companies that we are helping to expanding internationally step by step. Semcon's aim is to be the best development partner for competitive growth companies, in Sweden and abroad.

What has steered Semcon are the needs and requirements from Volvo, Saab, Ericsson and other development-intensive companies, that depend on being able to produce more intelligent and attractive products for a global market. As a result the need has increased for more fearless, committed, alert, and creative industrial designers. They will be needed. Good design is Sweden's big chance to break onto future markets in the same way that we have used technology, quality and inventions to get us where we are today.

CONSTRUCTION

During the construction phase, Semcon develops the product's technical qualities in detail. This often means lively collaboration between many disciplines such as sustainability calculations, analysis technology, automation, electric power electrical environment and systems technology. A central problem is how it can create a strong platform concept that allows wide variation to flourish. The customer should be able to produce new products effectively to follow up the successes of the first.

TESTS AND PROTOTYPES

Semcon carries out computerised simulations at different stages of the development project i.e. virtual testing, to quickly see how different user conditions affect sustainability and lifespan. By doing this many months can often be cut from the total development time. Follow-ups are carried out during the end phase of development work to verify tests on actual prototypes. A few examples of other skills in this phase are expansion, lamination and flow calculations, crash test analyses and benchmarking with competitive products.

PRODUCTION DEVELOPMENT

The product should be manufactured during the final phase. Trends show that product development and production development are becoming more integrated, which suits Semcon's complete solution-based approach. Examples of this are automation, robotics and process optimisation.

IT SOLUTIONS

Tools and methods for effective product development.

ZIPPER BY SEMCON

Strategies and concepts to optimise IT infrastructure.

INFORMATIC

Technical documentation, interactive media, visualisation and film.

1986 Office opens in Linköping and the first testing groups start. Semcon CAD AB established and Semcon becomes a distributor for IBM.

1987 time for a new office, this time in Södertälje. The first quality control department opens in Göteborg.

Complete solutions and value-added services for businesses

Informatic, IT Solutions and Zipper

COMPLETE RESPONSIBILITY

Semcon currently works with customer strategies from technical development to when the end product reaches the consumer and receives service on the after market. With Semcon as a partner taking greater responsibility for the entire development process, we will ensure that development work is more efficient and cheaper because we have greater opportunities for controlling processes and making them more efficient with the correct IT support. Semcon exploits its in-house know-how to create faster and more effective results for the customer.

MORE SPECIALISED, AND OFFERING GREATER COMPETENCE

Semcon's customers will demand greater performance at a lower cost, which is fully logical on such a competitive market. If customers have to pay more, they want more for their money. The value for the customer is getting their products on the market faster, raising the value of the product by adding something extra, and producing more for the same cost, etc. Semcon aims to get to know its customers better to understand the forces driving development because each customer is unique and has unique needs. By gaining a better understanding of customer requirements, Semcon can improve flows and take greater responsibility while providing specially packaged solutions for each customer.

CONCEPTS, METHODS AND SOLUTIONS

Semcon gathers specialist competence and supplies customers with developed and refined concepts, methods and solutions to give them added value. Examples of this include Semcon Informatic, Semcon IT Solutions, and Zipper by Semcon, who provide customers with value added solutions. These independent, integrated operations are creating new opportunities for the entire group and contribute greater benefits for customers. The aim of the different areas of focus is to further clarify Semcon's different competencies and profile the new operations individually to facilitate continued expansion.

Customer: Mölnlycke Healthcare

Assignment: Creating a uniform PC structure for an international company

Zipper by Semcon has upgraded Mölnlycke Health Care's computer system and created a structure for the 20 or so countries that the company works in. Zipper's FastTrack concept enables centralised configuration and packaging of the operating system and certain applications. Distribution to users is carried out automatically, quickly and simply. The package solution is based on Windows 2000. Zipper has developed an internal web portal to allow customers to run the system easily by themselves.



1988 Semcon opens two new offices, in Stenungsund and Malmö.



Semcon Informatic

Paving the way in technical information

Informatic offers customers a partnership concept with added value in the form of increased flexibility, reduced costs plus new competence and technology. The customer hands over full responsibility for technical information to Informatic in order to focus on its key process and core activity. Technical information is a highly specialised area seeing rapid development and requiring specific skills. Informatic has the powerful IT tools and methods required and is in the vanguard of technical information in northern Europe today.

Queries about how a product works or should be repaired are typical questions asked by customers. Because Informatic focuses on a product's after-market this type of information is Informatic's core business. Informatic has the correct IT systems and intelligent processes to develop the information cost effectively, and customers often state that technical information lies outside the framework of their main business. A win-win situation is created for both sides of the partnership.

INFORMATIC'S ACTIVITIES AND AIMS

Informatic handles and produces technical information in various media for a number of channels. Correctly developed information means better service, increased benefit for the customer and enhanced product quality. Technical information must be easy to understand while systems and processes are available to allow all information to be re-used. Informatic's aim is to be the world leader in technical information.

Informatic develops all forms of technical information including user information, service and maintenance information, spare parts information, training material, product and company presentations, market information, etc. A technical editor produces the basic material in text and image form. After editing, testing and verification the material is stored in a database to be finally adapted for the interface/layout that best suits the target group.

ONE SOURCE OF INFORMATION

One Source of Information, OSI™, is the database where all of the technical information is stored in a well-structured format, for simple re-use. The amount of information that can be re-used grows as content expands. When text is re-used it doesn't need to be verified or translated twice. All information is distributed via the media and formats that suit the respective target groups: handbooks (paper), on-line assistance, interactive information, websites, multimedia, visualisation, animation and film.

INNOVATIVE PROCESSING OF INFORMATION

Paper, CD, film, multimedia, web pages – there are many presentation alternatives and in the right context they have their many advantages. Web applications are simple to update and give the user access to correct information. Interactive information guides the user to the correct location in the information bank. Images and animation can be used for complicated process presentations. In many cases images are more effective than pure text due to the lower risk of misunderstanding and they can eliminate the need and cost of translation. Multimedia is an excellent medium for training and external marketing. Sound, images, film and animation can be used together with good teaching methods, to support a message, and a lot of training time can be saved.

ZOOMA BY SEMCON

Zooma offers production and co-ordination of market communication and product information to underpin the customer's core business. Zooma creates synergies between market, user and product information, which produce shorter lead-times and greater cost efficiency.

Zooma focuses on digital market communication, and Zooma's range is divided into business film, e.g. company presentations, product presentations and instructions/manuals, and business websites, e.g. company website, intranet/extranet, campaign sites, secure sites.

Zooma's activities are the bridge between technical information and market communication. Products from different manufacturers tend to be more equal on the market while product lifecycles become shorter. One of the most important opportunities of distinguishing a company from its competition is to build systems around the products, which support them and link strongly with the customer. To succeed with this the manufacturers must develop their ability to inform and communicate with their customers. Zooma and Informatic supply increased competitive strength in the form of digital communication concepts.

CUSTOMERS

Volvo, ABB, Metso, Besam and others

Informatic works with

- Content Management
- Zooma Market Communication
- Visualisation Development
- Information Management

Technical Information
Business films and websites
2D, 3D, photo, sketch and film
Process and IT tools development

Semcon IT Solutions

Tools and systems for more effective product development

CUSTOMERS

Saab Automobile,
Kalmar Industries,
Autoliv etc.

IT Solutions is a part of Semcon that, via partnerships, works with IT-based complete solutions in design and development, focussing on CAD, PDM and SYSTEM. IT Solutions suggests concrete and optimal solutions from customer requirements – from pre-studies to training and support.

IT Solutions (ITS) activities build on creating a genuine understanding of the customer's operations. Working in partnership is therefore decisive for the customer and suppliers. ITS works with companies such as IBM, Dessault, Co Create, Sun, SIG, and HP. Semcon has resources of around 70 employees throughout the country. With CAD, PDM and SYSTEM, employee competence is continually developed to give the customer optimum results.

CONCEPT

In close partnership with industry, IT Solutions supply them with IT-based total solutions that increase customers' results through more effective product development.

IT-based total solutions include pre-studies, implementation, adaption, validation, training, production plus support and development.

VISION

"IT Solutions shall be considered the best at helping industry to make product development more effective".

RANGE

The products supplied by ITS should build on giving the customer the most effective product development tools possible. ITS supplies total solutions in the following areas:

CAD: From very advanced solutions to simple adaption to give the optimum support for the customer.

PDM: Total measures or individual investments that involve process mapping, pre-studies, analysis, design, training, operations and management of finished document handling or PDM systems.

SYSTEM: Everything from hardware, software, networks, operating systems to development, running and management of entire IT environments in outsourcing/partnership.

"A great deal of trust has been created over many years working with Semcon through energetic and initiative-rich work," says Göran Ejbyfeldt, IT Production Development Manager at Saab Automobile.

Zipper by Semcon

Concepts that optimise IT infrastructure

Zipper works with IT infrastructure and the aim is to help companies and organisations increase the efficiency of their technical infrastructure and save money. Zipper achieves this through intelligent, effective solutions.

Zipper focuses on IT infrastructure and has gathered together its staff's extensive experience, which means faster and more effective production of profitable customer solutions. Packaging and recycling intelligent solutions of customers' general problems also create opportunities for exact, rapid implementation. Our staff follow the best business practices and have extensive experience of IT infrastructure and normal customer problems. They have the understanding and determination to wrap up projects swiftly and successfully.

BUSINESS CONCEPT

Using effective concepts to take responsibility for reducing a customer's IT costs.

Zipper's business concept builds on the understanding of customers' IT platforms. Zipper helps measurably to realise the full potential of an IS/IT platform. The aim is to achieve permanent change.

VISION

"Zipper shall be the obvious choice for companies and organisations that want to maximise their IT infrastructure potential".

Zipper is convinced that major companies are becoming more aware of the savings that can be achieved by prioritising functionality and effectiveness in their IT infrastructure.

RANGE

Zipper's range of concepts is based on the experience gained from many years of working with Swedish businesses. Zipper uses its tools to analyse customers' existing IT infrastructure and plan how to achieve future ideal environments.

Insight™	Decision-making information for key changes.
FastTrack™	Effective client infrastructure.
BaseLine™	For integrating information systems.
ApplLine™	Ready-packaged applications.
OnTrack™	Implementation

If you would like to know more go to www.zipper.se

CUSTOMERS
Akzo Nobel,
AstraZeneca,
SonyEricsson
and others.



We take responsibility for the entire project and share the risk with the customer by working at a fixed rate.

1992 a matter of survival in a very hard market. K 2000 competence development programme starts. The first branch opens at Volvo Cars.

1993 Semcon opens office in Stockholm. The Smash method of project management is ready for introduction. Ericsson becomes major customer.

Markets

Trends and challenges

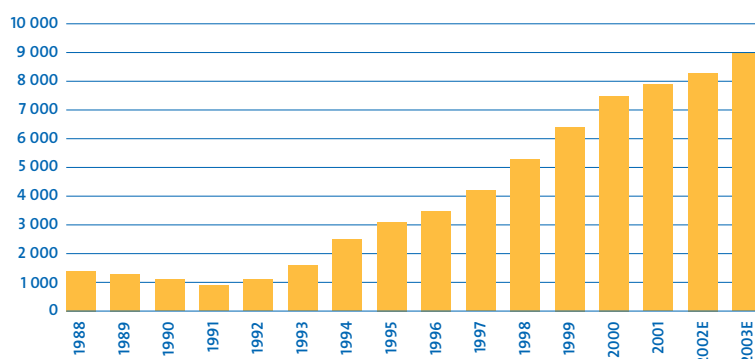
If there is one thing you can be certain of, it is that the business cycle will go up and down. Boom is followed by bust, it's only the amount of time between the two that is disputed. For Semcon, the trick is to try and see what's coming and adapt accordingly.

TURBULENT MARKET

The strong combination of fast growth and low inflation that characterised the Swedish economy for four years up to 2000 turned around sharply during 2001. This can partly be explained by the global recession that hit exporters especially hard. The IT sector's large share of the total economy also made Sweden extra vulnerable. The faltering business cycle meant that Swedish growth slowed down and stopped at 1.5 percent in 2001. (Source: The Institute of Economic Research, SCB).

Swedish exports were mainly affected by the fall in demand for motor vehicles and telecom products. The telecom industry, which performed so well over a long period, is having a difficult time of things at the moment. A dramatic fall in demand and pressure on prices has forced companies to implement tough rationalisation programmes and dramatic restructuring. Rising unemployment has been a direct result of these measures. The Swedish motor industry has undergone massive changes over the past few years. These changes have more or less been forced upon them as a result of huge international restructuring in the industry. To secure profitability the larger players have merged, or acquired other companies, to try and create bigger markets.

Industry consultancy sales in Sweden, (SEK m)



Source: The Swedish federation of Architects and Consulting Engineers, Alfred Berg

Sales in this industry are affected to a large extent by the general economic situation.

The strongest sector at present is Medical & Life-Science, and its positive development is expected to continue. Healthy order books are generating increased production, and profitability is being maintained while capacity utilisation is high.

FOCUSING ON DEVELOPMENT

Despite the economic slowdown and reduced investment, businesses remain fundamentally optimistic about the future (Source: AMS). Consultants depend heavily on healthy R&D budgets, an area where Sweden is among the world's leaders. According to the OECD Sweden invests 4 percent of its GDP in research and development. And the main areas of investment in Sweden are in the sectors that Semcon has chosen to focus on – Vehicle, Telecom and Medical & LifeScience. These are also areas in which Swedish businesses are world leaders.

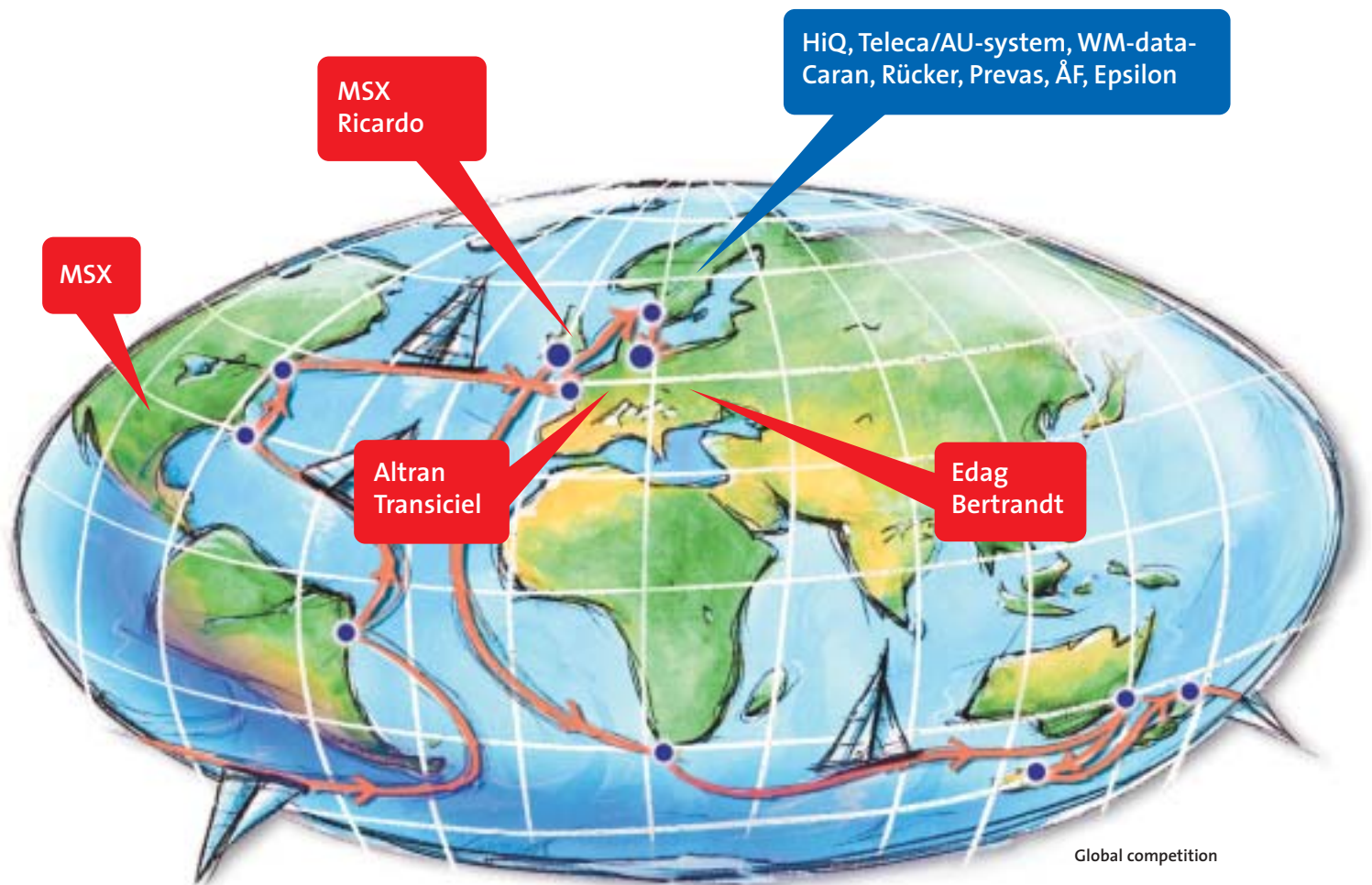
FUTURE SUCCESS – WISDOM COMES WITH AGE

The future success of consultancy businesses in terms of growth and profits will mirror their past success. The well-established players are resilient. Their strength mainly lies in long-term customer relationships that pave the way for closer co-operation with primary suppliers as well as global partnerships in the form of outsourcing and strategic partnerships (see bar chart below).

SEMCON'S FUTURE CHALLENGES

Semcon's larger customers are becoming more global as they conquer new markets. Companies such as Ericsson and Nokia are doing it with successful products. Ford, General Motors and Pharmacia are doing it by forming global groups. ABB and Assa Abloy are doing it by swiftly and aggressively transforming their industries by themselves. Globalisation is characterised by cost-saving and consolidation, which is aimed at boosting the best competitive tool of all – time. The product lifecycle is spinning faster and faster, along with all the different phases connected with it.

Product development and R&D are crucial for business survival. Key decisions are being taken by global management teams who want to tie in partners closer over longer periods. Due to the tempo

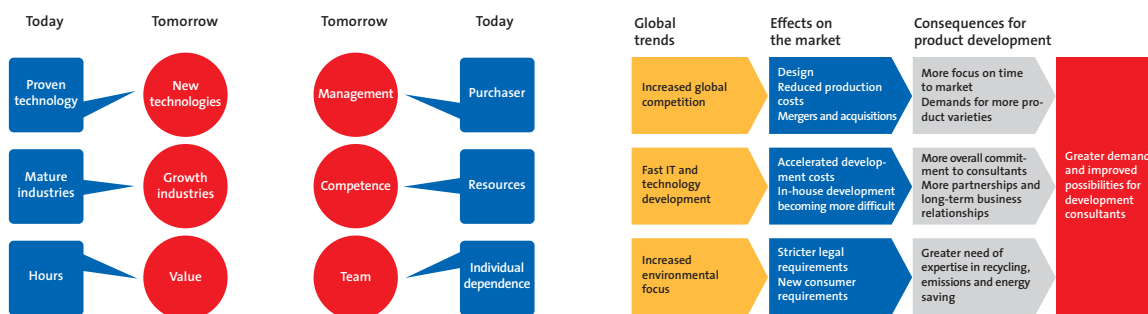


and complexity of product development, customers want fewer suppliers – primary suppliers – with whom they will have closer relationships. Customers are also choosing to outsource some work where it can be successfully carried out faster and more efficiently. Outsourcing is a strategic partnership, i.e. there is an increased focus on core competence

allowing peripheral services and products to be outsourced to partners.

FORCES FOR GROWTH

Semcon believes that the design and development markets will continue to show increased growth. The main growth factors are summarised below.





Structural capital

Creating value

LONG-TERM CUSTOMER RELATIONS

The most important part of Semcon's structural capital is, naturally, relationships with customers. The customers who have chosen to work with Semcon return time and again.

Semcon's business relationships with customers are long-term. Since the business started in 1980, many of Sweden's leading industrial companies have chosen Semcon and these companies make up a broad and stable customer base. They include ABB, Bombardier, AstraZeneca, Atlas Copco, Electrolux, Ericsson, Volvo, Ford, Saab, Scania, Siemens-Elementa and Alfa Laval.

Their previous good experience of Semcon's consultants is the main reason why customers choose the company. They consider Semcon's consultants to be enthusiastic and quick in their response in getting to grips with a problem and solving it. Another advantage for the customer is Semcon's many offices, which usually mean Semcon's consultants are close to the customer. Deep and long-term relationships build mutual trust.

STRATEGIC PARTNERSHIPS

A clear trend is that most industrial companies are focussing more closely on their core operations and outsourcing work to a few, large partners who will take over development work.

Customers look for innovative Preferred Suppliers, who, on their own initiative operate and suggest solutions in the large development projects. This is the core to the partnership. Customers want suppliers to take on the entire innovation process. An increasing number of assignments have been generated via general agreements. Semcon has been chosen as the Preferred Supplier by most of Sweden's leading industrial companies, creating stable customer relationships. To this extent, Semcon's organisation is being adapted to work more as a cross-functional development team, over competence and company boundaries.

When the customer carries out outsourcing business with Semcon it becomes a strategic partnership. This means close co-operation for development opportunities and achieving greater efficiency, with open relationships to create added value for both parties over the long-term. Furthermore, it involves the outsourcing of activities and personnel. The most important factor for success is the people and their

enthusiasm. It is also important that the new organisation set up by the customer sets the right demands and places the right orders.

Semcon has developed a concept for outsourcing based upon pre-studies, implementation and the development of a strategic partnership. Semcon also has examples of successful partnerships and broad experience.

BRAND NAME

Semcon's brand name is one of the company's greatest assets. For a business-to-business company, Semcon's name is unusually well known to Swedish people. This is partly due to a number of successful marketing and sponsoring investments, and also to the fact that staff work professionally when representing the company.

Semcon's strong brand name makes recruiting a lot easier and also makes it a lot easier to be accepted in the customer's organisation. It also makes staff proud to work for the company.

A consistent graphic profile contributes to creating a clear and strong identity. Semcon aims to be perceived as an attractive, modern and dynamic company in the minds of its customers, partners, current and future staff and shareholders. This places strong demands on integrated communication.

SPONSORSHIP ACTIVITIES

Semcon's sponsorship policy is based on a strong connection between sponsored activities and the company's activities. For Semcon, sponsorship is a major commitment and is seen as a way of profiling and demonstrating the company's participation in prestigious development projects, rather than purely providing finance. By using its technical competence in sponsorship activities Semcon creates attractive and usable reference assignments that highlight the company's broad competence in design, technology, IT and project management, which can be used internally as well as externally in marketing. It is also important to communicate the values Semcon holds highly.

TOP PLACEMENT STRENGTHENS THE IMAGE

When the distinguished American financial journal Forbes Global published the results of an annual audit of small listed companies around the world, Semcon was included among the seven Swedish listed

1997 Semcon listed on the Stockholm Exchange's O-list. Three new offices and ten new departments opened.

companies. The list represented 200 of the world's best small companies. Forbes analysed all listed companies whose annual sales do not exceed USD 500 million. There are more than 20,000 listed companies around the world that meet these criteria. The 200 best according to Forbes are very interesting for investors (October 2001).

Semcon also qualified for the 2001 Marathon list, which includes Sweden's 28 most enduring and rapidly expanding companies. To qualify for the Marathon list the company must have had an average organic sales increase of a minimum 20 percent over the last ten years, have a minimum 50 employees, sales of minimum SEK 50 million and been profitable in at least six of the past ten years. Semcon has also been on Sweden's Growth list on a number of occasions, including last year.

NEW ORGANISATION

The new organisation introduced at the beginning of 2001 has been further developed and received full effect during the past year. The aim was to give the customer better complete service and create synergy effects between different components areas.

The parent company, Semcon AB, includes three companies, Semcon Sweden, Semcon Innovation and Semcon International. Semcon Sweden includes the Swedish consultancy business and is divided into three regions, with all competence gathered locally. Semcon Sweden also includes Informatic and IT Solutions. This means that customers can be offered better total solutions where different types of know-how are cross-fertilised. To increase focus on the three key sectors of Telecom, Vehicle and Medical a number of Key Account Managers have

been appointed. The aim is to strengthen relationships and be a long-term partner to key customers. Semcon Innovation also includes Zipper by Semcon MainTech and Euromation. Semcon International operates the foreign companies in the Group.

COMPETENCE VILLAGES

To be able to spread new know-how quickly and easily help customers produce advanced solutions for complex systems, specialist competence from the whole of the Group is concentrated in virtual organisations called Competence Villages. There are currently Competence Villages for LabView, Embedded Design, Bluetooth, Life Science, 3D-studio and Telematic.

IT SUPPORT

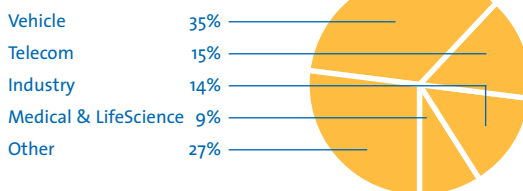
All Semcon offices are linked to a network to ensure efficient communications. Employees keep themselves up-to-date via Semcon's intranet.

Semcon has developed TIMEIT®, an internet-based system for time reporting which is linked to databases and business systems. The integrated system provides Semcon with valuable information about customers. This makes it easier to plan resources and establish deeper, long-term customer relationships.

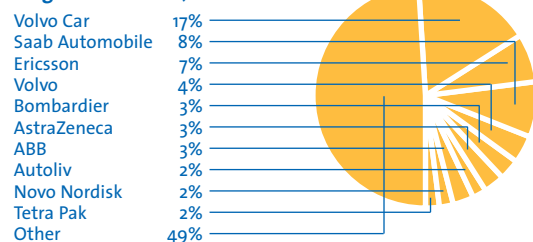
Semcon also has a system for competence transfer, Kompis. This is the company's competence database, where consultants with the right competence can be found. Competence Network is another tool that has been developed. This is a database of experience built upon assignments carried out for customers.

Semcon works actively with IT security, which is constantly being evaluated by auditors and customers. The company has a complete virus protection system installed on all computers in the network.

Sales per industry, 2001



Largest customers, in 2001



1998 new office and six new departments-opened.

1999 Semcon sets up in Denmark. Partnership agreement signed with Volvo to take over their technical information activities.

Semcon began upgrading all IT environments with Windows 2000 during the year. This work is based on Fasttrack, a concept developed by Semcon's subsidiary Zipper for administration and application distribution.

A special competence development model – Competence Management – has been produced to analyse needs and identify suitable working methods. It will offer individual and market adapted competence development for each employee. In addition, IT support has been developed for identifying, developing and searching for competence. This support for Competence Management will be introduced during 2002.

SEMCON'S QUALITY WORK

The focus during the year has been on developing existing methods and support systems to better support Semcon's target of more value-based assignments. The development of a web-based interactive project handbook based on SMASH was begun and will be finalised during the first half of 2002. The aim is to give the organisation a more user-friendly and faster tool for project steering.

A new web-based method for measuring employee attitudes has been developed and the first measurements will be made at the beginning of 2002.

The company's operational system is being adapted to include new parts of Semcon such as Life Science, Zooma and Interactive Media.

During the year results have reached quality targets, or been slightly below them. For example, Semcon measures customer satisfaction in each assignment and during the year it reached an average of 3.8 (target 4) on a scale of 1-5.

SEMCON'S ENVIRONMENTAL WORK

An interactive basic training course in environmental studies was carried out during the year for all employees. Around 85 percent took part and passed the course.

The amount of carbon dioxide emissions per employee/year as a result of travelling, fell from 1,350 kg to 1,200 kg, which was the company's objective.

The work towards a better environment continued at all Semcon offices. The company's objective is partly to minimise the environmental impact during assignments, and partly to reduce our own consumption of materials, energy and fuel.

Customer: Mayflower Energy

Assignment: Design of turbine installation vessel

The demand for pure, renewable energy is on the increase. In the UK alone thousands of offshore wind farms are planned. The world is now taking note of this energy source. British-based Mayflower Energy's new vessels transport and install offshore turbines along the coastline. A number of consultants from Semcon's Danish company, Knud E Hansen, helped to design the TIV-1 (Turbine Installation Vessel). Design and innovation make this project unique. The vessel can lift itself out of the water and stand on the seabed using six powerful legs. The advanced technology also includes a Dynamic Positioning System. The vessel was built in China and the crane in Europe.

Customer: Scancoin

Assignment: Construction of a euro coin counting machine

Semcon's Embedded Design department has worked with Scancoin of Lund, Sweden, to develop a coin counting machine suitable for the euro. When large numbers of new coins are released, banks, exchange offices and other institutions must be able to handle them. The euro coin counting machine can sort and count 2,700 coins per minute. It doesn't just need to determine the value of the coin, it also has to determine the authenticity of the individual coin. A coin consists of a number of metal alloys and the coin counting machine can identify them, which is an extremely advanced process.

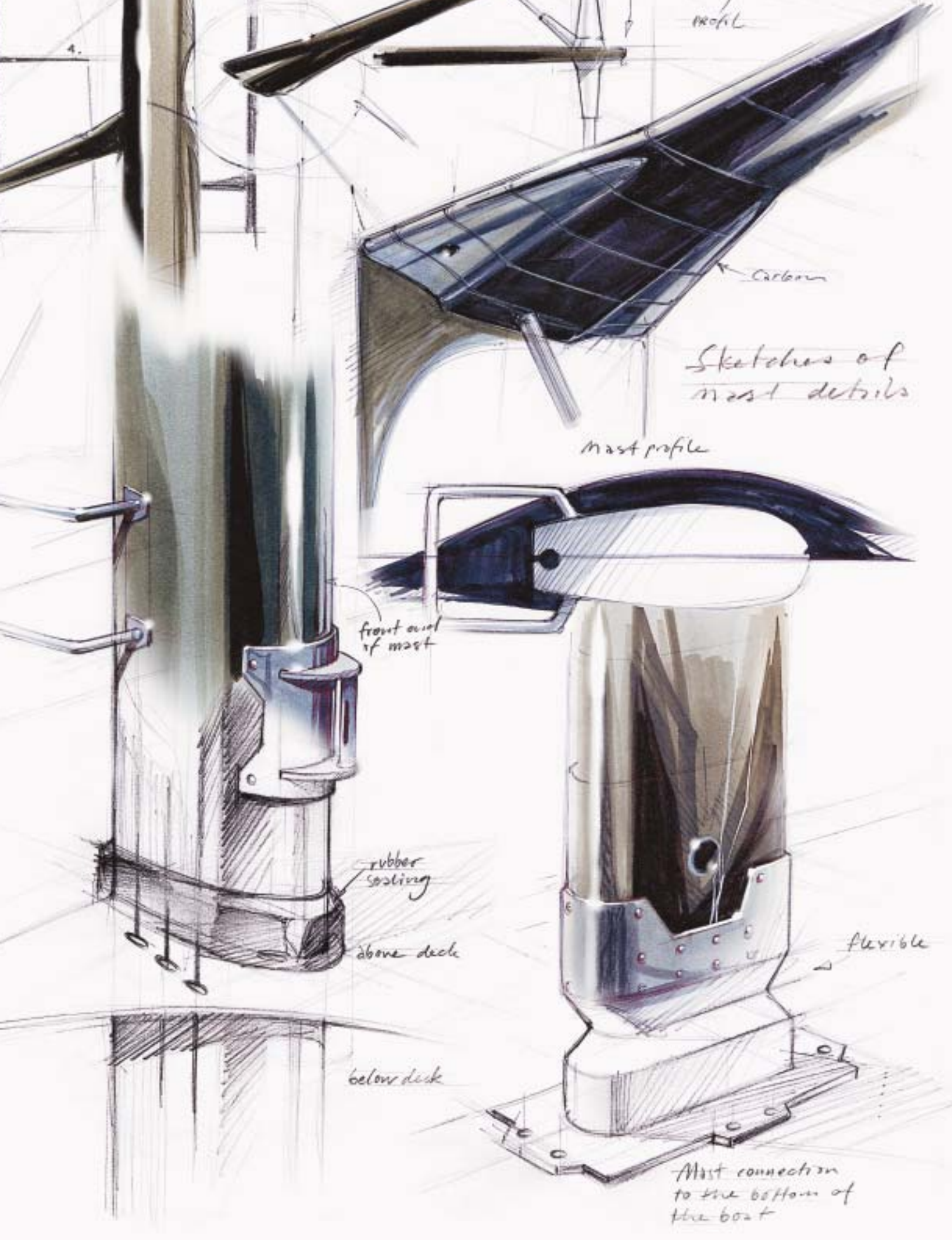
Customer: FMV (Sweden's Defence Materiel Administration)

Assignment: Creating a new high-tech base container

Swedint, Sweden's international overseas forces will use the new base containers for fieldwork. Development work meant a massive technological assignment for Semcon's Karlskrona office, which had total responsibility for the project. The base container is made of composite materials making it very resistant to outside attack. It is functional and lightweight and can be used in all types of terrains and weather. The first delivery of 31 tested containers will be in April. The interactive project plan was greatly appreciated by the customer. The basic order is worth SEK 12.1 million. The concept has also received international acclaim.

2001 Strengthened competence in Medical with the start of Life Science. Zooma by Semcon started and complements Semcon's range of mobile media and interactive information.

2000 Zipper by Semcon established, a new activity in IT strategy and infrastructure. The Pelmatic Group acquired, including Knud E Hansen, a leading marine design company.



profil

Carbon

Sketches of
mast details

mast profile

front view
of mast

rubber
sealing

above deck

below deck

flexible

Mast connection
to the bottom of
the boat

Semcon in the Volvo Ocean Race

A high-tech challenge

Five years ago Semcon was involved in developing two yachts, EF Language and EF Education, for the Whitbread Round the World Race. EF Language with Paul Cayard as skipper, won the race. The 2001/2002 race has a new main sponsor and the name has changed to the Volvo Ocean Race. It's still the longest yacht race in the world, and lasts a gruelling nine months with the competitors visiting five continents and sailing 60,000 km across four oceans.

IT'S ALL ABOUT ONE THING – WINNING

When Semcon was asked to be the IT consultant and technical partner in the project it wasn't difficult to say yes. The Volvo Ocean Race is a project that places extreme demands on designers, boat builders and crew. They all have to push themselves to the limits to develop new technology and new solutions. And, of course, developing new methods and new solutions is fantastic fun. If the yacht's mast can be made lighter and stronger, if the sail can be trimmed better, if the batteries can be charged quicker, if weight distribution can be improved, then the crew has a better chance of winning the race. The Volvo Ocean Race focuses on what product development and design are really all about, beating the other competitors on the market.

THE HUNT FOR MARKET SHARES

It's the same with all products. You either give your sales teams a winning product or they will have to settle for a lower placing. The race on the market is tough and a second or third place is not really anything to boast about.

The product also has to have the right timetable. However good a product is, there's no good in introducing it onto the market a few months after the competition. It would be like allowing the other yachts in the race to reach Cape Town before you yourself had actually started.

TECHNOLOGY TRANSFER TAKES ACCOUNT OF EXPERIENCE

Developing the world's fastest yachts might sound like a luxury. But this type of project is important. Know-how and experience from the Volvo Ocean Race is transferred to more down-to-earth projects in other sectors Semcon works with; Vehicle, Telecom, Medical & Life Science or Industry. A mast can become a light-weight but very strong rotary arm, and the yacht's electrical system can be used in a family car. This is what is known as technology transfer. It allows Semcon's customers to be supplied with the markets' smartest, cheapest and most efficient products.

So whatever happens in the yacht race there's already a winner – those who understand that well-designed products give you a head-start on the market.

"A mast can become a robot's arm".



Semcon in the Volvo Ocean Race

Developing the world's fastest yacht

Developing the VO60 yacht is a high-tech project, where extreme stresses and narrow margins place high demands on design, construction, IT and technical solutions. And the demands increase each time the competition takes place, not least because new materials and technologies develop so quickly. The following were a few of Semcon's challenges:

RIG: MAST, BOOM

A new regulation allows masts and booms to be made of carbon fibre. The advantages of this material are that it is lighter, stronger and considerably more rigid than aluminium and thus allows larger sails to be used. The sections of the rig were tested to the limit to calculate optimum construction.

ANTENNA MAST

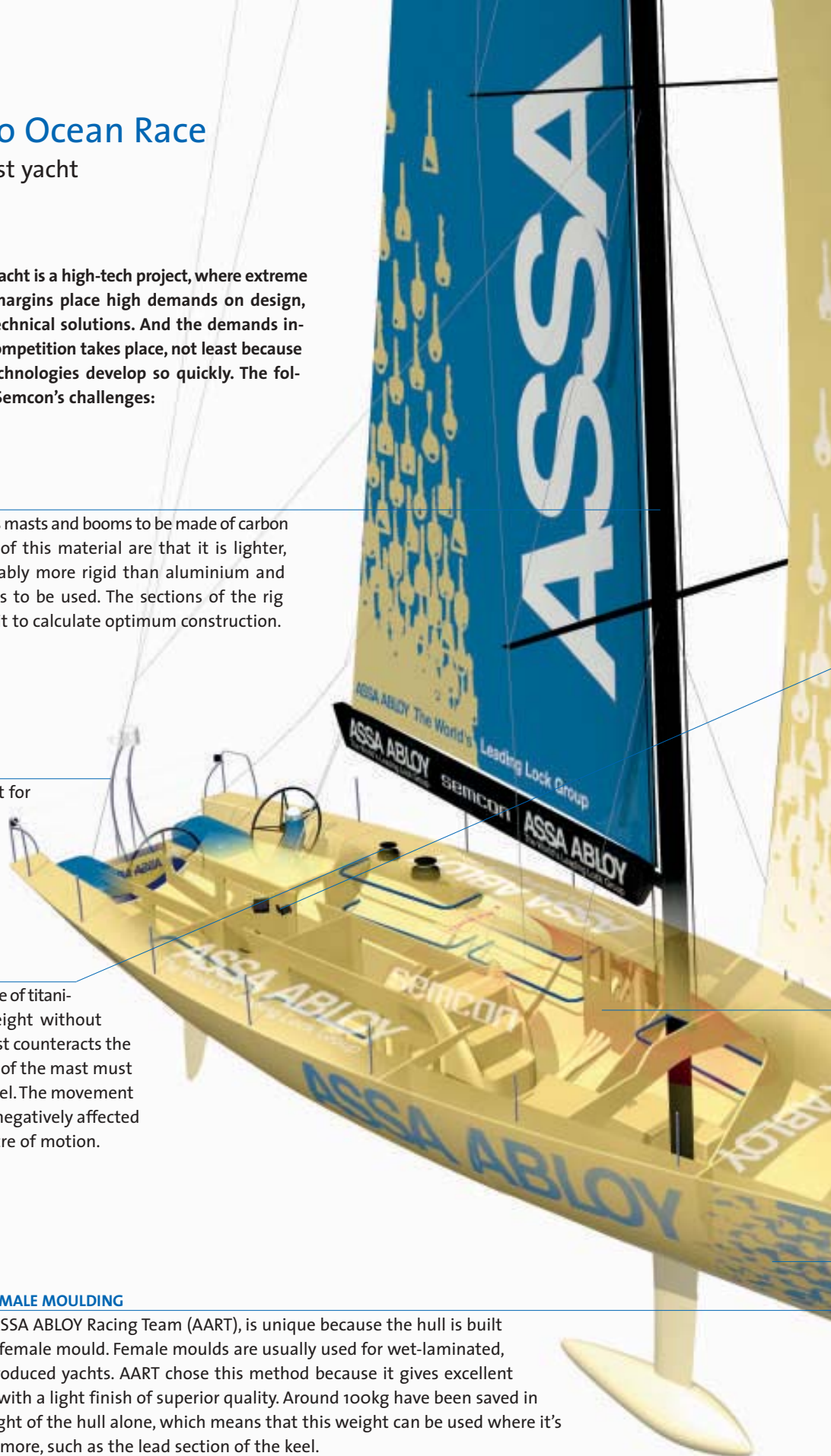
An aerodynamically designed mast for navigation equipment antennae.

TITANIUM RIGGING COMPONENTS

Many components have been made of titanium to minimise the yacht's weight without affecting its strength. A light mast counteracts the yacht's lurching – 1 kg at the top of the mast must be compensated by 7kg in the keel. The movement of the yacht in the water is also negatively affected by mass found far from the centre of motion.

HULL: FEMALE MOULDING

VO60, ASSA ABLOY Racing Team (AART), is unique because the hull is built using a female mould. Female moulds are usually used for wet-laminated, mass-produced yachts. AART chose this method because it gives excellent results, with a light finish of superior quality. Around 100kg have been saved in the weight of the hull alone, which means that this weight can be used where it's needed more, such as the lead section of the keel.



SAIL ANALYSIS USING LABVIEW

During trials a large amount of information was gathered with careful measurements taken of the weather, wind and sails. This was carried out to receive a clear understanding of when the yacht was sailing at its best. It is a question of optimising sail combinations under different weather conditions. LabView is a programming language, based on images and icons. LabView allows Semcon to develop a system for storing large amounts of sail performance information under different weather conditions to analyse which sail works best.

COMPUTER NETWORK

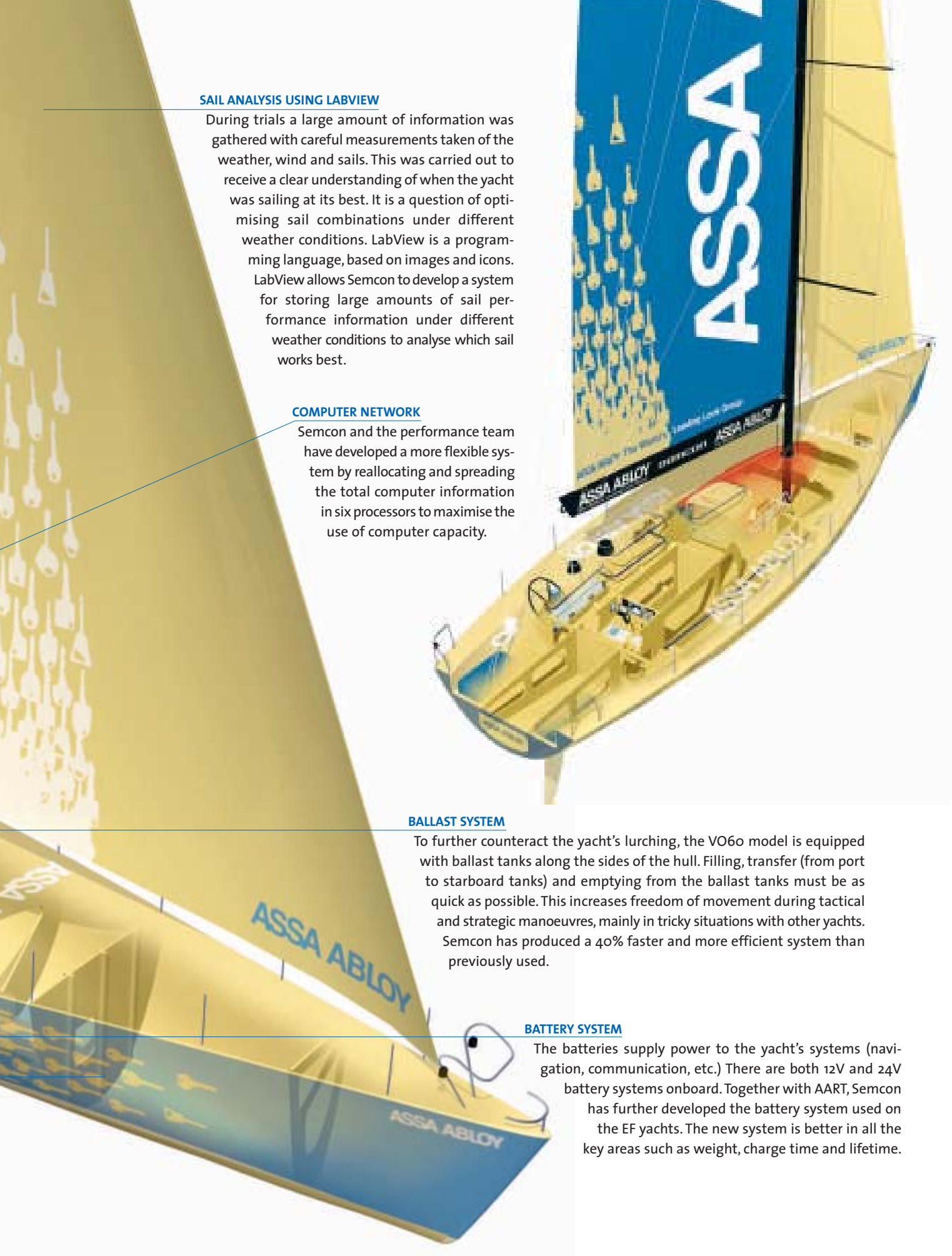
Semcon and the performance team have developed a more flexible system by reallocating and spreading the total computer information in six processors to maximise the use of computer capacity.

BALLAST SYSTEM

To further counteract the yacht's lurching, the VO60 model is equipped with ballast tanks along the sides of the hull. Filling, transfer (from port to starboard tanks) and emptying from the ballast tanks must be as quick as possible. This increases freedom of movement during tactical and strategic manoeuvres, mainly in tricky situations with other yachts. Semcon has produced a 40% faster and more efficient system than previously used.

BATTERY SYSTEM

The batteries supply power to the yacht's systems (navigation, communication, etc.) There are both 12V and 24V battery systems onboard. Together with AART, Semcon has further developed the battery system used on the EF yachts. The new system is better in all the key areas such as weight, charge time and lifetime.



Human capital

Semcon's heart and mind

Behind all the figures for growth and profits reported by Semcon now and in the future, there are always people who have excelled themselves. Semcon's employees – Semconites – are the company's most important success factor. One of our greatest challenges is to maintain enthusiasm and a spirit of enterprise in a large organisation.

PERSONAL DEVELOPMENT IS PARAMOUNT

A new generation of engineers, IT professionals, technicians and other specialists are bringing new values with them into the industry. A typical perception is that the world is wide open and work opportunities can be found globally. Also typical is the desire to be compensated for sacrifices in private life, not only with cash, but also with special experiences and exciting projects. An employee of the new generation wants a challenging job and the opportunity for a career as a specialist in a distinctive field. Much of this matches the Semcon mould, especially the change in values that has made personal development more important than titles on business cards.

THE PERSONAL TOUCH

While Semcon expands and benefits from larger Group resources, it is important to keep the personal touch of the small company. Since its start Semcon has mainly grown organically. When a department becomes too big it is quite simply divided and a new department is born. Using the Group's resources means more teamwork, both across geographic and business area boundaries.

THE SEMCON CULTURE

Semcon invested at an early stage in what was later to be known as human and structural capital. The aim, quite simply, was to create an environment where all Semconites could develop, feel comfortable and be stimulated. By having an open information climate with fun and stimulating activities, the foundation was laid for the company's values – the Semcon culture. Strong loyalty with the company culture and business aims is a basic requirement for all Semconites. It helps everyone to feel at home. Semcon trusts its employees and their ability to take responsibility. Trust and responsibility characterise managers' relations with employees in the same way as they characterise Semcon's relations with customers.

WAGES AND INCENTIVE SCHEME

Individual wage levels are set within Semcon. Wages are based on the individual employee's training,

competence and experience. The company uses different forms of incentive and bonus schemes to motivate employees. Bonuses are given if an employee recruits a new member of staff or wins a new consultancy assignment. Each year the company also hands out grants to employees who have performed specially well.

EQUALITY AND VARIETY

Semcon strives to make the most of the experience and competence of women and men. The company wants to achieve a more even balance between the sexes in all employee groups. Among current employees, 20% are women. Semcon has several women managers. The Semcon Board consists of five members, of whom two are women managers from the Telecom and Medical & LifeScience sectors.

Because Semcon is expanding, more employees are needed with different cultural backgrounds. As markets become more global, this cultural breadth is a great asset.

COMPETENCE MANAGEMENT

With its business based on know-how, Semcon must provide continual competence development for its employees and adapt these efforts to both the needs of the individual and the market. During 2001 Semcon employees averaged around 81 hours of training.

During the year Semcon worked to develop a new method for planning, implementing and following up the competence requirements of the entire Group. A specific model for competence development – Competence Management – has been produced to analyse needs, identify suitable methods and offer each employee individual and market oriented competence development.

The pilot project took six months and ended during the autumn. The new model will be implemented throughout the organisation in 2002.

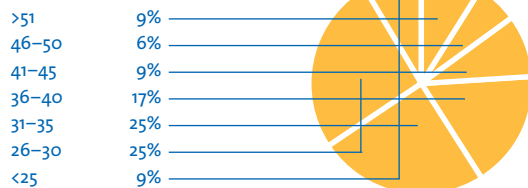
SEMCON 3.0 – FUTURE STRATEGY

Semcon's 3.0 strategy document for the coming five years was introduced at the beginning of the year. The aim of Semcon 3.0 is that all employees should have a clear picture of the surrounding world and how it affects the company's activities. It also contains the company's aims and vision, clearly stated for the coming five years. The document provides answers to many questions concerning trends, market development and modern values. It looks to the challenges of the future and how objectives will be met. The document introduces new employees to the heart and soul of the company and provides a route map of future development opportunities.

Average length of time employed



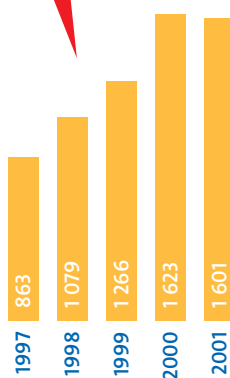
Age distribution



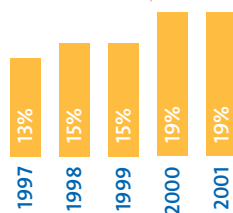
Distribution men/women



Total number of staff



Staff turnover %



KEY FIGURES

	1997	1998	1999	2000	2001
Average number of staff	695	955	1 173	1 504	1 585
Sales per staff member (SEK 000)	713	742	736	670	711
Value-added per staff member (SEK 000)	494	505	505	479	507
Profit after net financial items per staff member (SEK 000)	83,5	88,8	72	33,3	1,5

Adapted for the US

The Think electric car moves West

The US authorities are promoting the technical development of electric cars. Legislation is becoming stricter, especially in California. In January 2001, Semcon Extern Engineering was commissioned to adapt Ford's Think electric car to American safety regulations prior to its launch in the US.

An increasing amount of legislation is being enforced in countries throughout the world to reduce traffic on the roads. Demand for electric cars is expected to grow. Consumers are curious and interested in electric cars, even if sales are still sluggish. In 1998 legislation was enacted in California that requires car manufacturers to achieve a certain percentage of electric car sales from 2003. As a result, Ford accelerated its development of an electrically driven car.

Five designers from Semcon have worked for six months at Think Nordic in Oslo, which is part of the Ford Group. The consultants have helped to test and modify the car to enable it to meet US safety stan-

dards, as well as the high demands set by the Ford Motor Company concerning the environment and impact safety. The light construction of Think allows consumption of electricity to be kept to a minimum.

In its contacts with Ford, Semcon has been helped by its close contacts with Volvo over many years.

Semcon is familiar with the Group's quality assurances and different systems and development environments.

The prestigious Think project is in line with Semcon's concentration on a few focus areas within development-intensive industries. The company's concentration on product development, combined with extensive experience and specialist competence within the motor industry guarantees quality and continuity in development work.

The work is divided into five phases. First a new car model is made of clay. The model is then scanned into a computer where it is rebuilt. The car is then designed virtually in the computer and finally the first prototype can be built.



The electric car attracts attention as it quietly drives along. It is expected that demand for electrically powered transport will increase as the environmentally-aware generation grows up and starts driving.



Business areas

Greater value for the customer
means greater value for Semcon

Semcon's services are in the business areas of Industrial design, e-Design and Technology Management. They focus on giving the customers a comprehensive choice. Semcon continually develops its range of services to be more value-based. This means adding greater value to the customer by creating creative solutions where our teams work across our business area's borders.

Semcon Industrial Design

Development of products and production

Industrial Design focuses on development and design of products and production systems. The business area's services include conception, pre-studies, project management, analysis, calculations, testing & verification, choosing materials, design & design approval, construction, electrical systems & automation, prototypes and development of production systems. Semcon can take complete responsibility for developing the whole product.

RESULTS IN 2001

Sales rose by 17.5 percent to SEK 570.4 million (485.4 m), and the operating profit was SEK 14.5 million (22.0 m). Profits were hit by costs of SEK 3.2 million for the rationalisation scheme. The business area is responsible for 50 percent (48) of total Group sales. Operations progressed well due to stable demand from the vehicle, pharmaceutical and base industries, and due to Semcon being chosen as the preferred supplier by many leading industrial companies. We managed to fulfil our strategy of increasing the number of projects where we take complete responsibility as well as increasing our value-based services. LifeScience was formed following an agreement with AVP. This strengthens Semcon's specialist competence within the Medical sector. In order to supply global service for Ford's Premium Automotive Group, Semcon's partnership with MSX international was extended. Significant orders were received from Sweden's Defence Matériel Administration, Novo Nordisk and Pharmadule/Emtunga.

KEY FIGURES

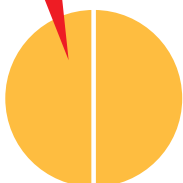
	1999	2000	2001
Sales (SEK m)	360.2	485.4	507.4
Operating profit (SEK m)	34.8	22.0	14.5
Operating margin (%)	9.7	4.5	2.5

Customer: Volvo Car Special Vehicles

Assignment: Marine design of Volvo Cross Country and V70E

Both the exterior and interior reveal that Volvo and Semcon have been inspired by the sea and sailing. The associations with the Volvo Ocean Race are clear, not least in the new colour – Ocean blue. Semcon Extern developed the colour for special editions of the Volvo Cross Country and V70E in record time, despite the most detailed tests. A number of special features have been modified such as the wheels, sports seats, dashboard, carpeting and emblem on the exterior. The car was launched at the start of the Volvo Ocean Race.

Share of total sales is 50%



FUTURE

Deep understanding of industry's products, work methods and production systems enables Semcon to find creative solutions that sharpen the competitive edge of the customer. Design will continue to be customers' most important competitive tool and thereby also Semcon's. To succeed with design assignments it is really important to see the product from a holistic perspective. This is where Semcon has a unique competitive advantage because the company's consultants have extensive knowledge of production, the environment and IT. Combined with customer relationships going back 10–20 years, this means that Semcon will continue to lead the way in product development. During 2002 the focus will be on profitability ahead of growth. The business area is expected to have stable development during the year. The amount of value-based business is expected to increase. Growth is mainly expected to come from the Medical & Life-Science and Vehicle sectors.

MARKET

The 60 largest technical consultancy firms had sales of SEK 12.8 billion during 2000.

Source: Affärsvärldens Konsultguide.

CUSTOMERS

- ABB
- AB Volvo
- Akzo Nobel
- AstraZeneca
- Bombardier
- Emerson
- Ericsson
- Gambro
- Metso
- Nokia
- Novo Nordisk
- Pharmadule/Emtunga
- Saab Automobile
- Scania
- Siemens-Elcoma
- Telia
- Volvo Car

COMPETITORS

- Alten
- Altran
- Edag
- Epsilon
- Rucker
- WM-data Caran
- ÅF

Semcon e-Design

IT, electronics and system development for products and product support.

The e-Design business area develops embedded IT systems for products, production systems, interactive web solutions, web design and system solutions, and supplies IT-based solutions that improve the development process. Some examples of competence in e-Design are Oracle and RUP (Rational Unified Process), 3D, Lab View, Bluetooth, PDM, XML and telematics. The technical areas are: Technical Management, System Design, Embedded Design, Hardware Design, IT Solutions and Informatic Design.

RESULTS IN 2001

Sales rose by 7.8 percent to SEK 449.5 million (416.9 m), and the operating loss was SEK -1.0 million (51.7 m). The business area is responsible for 40 percent (41) of total sales. Activities were mainly affected by the Group's rationalisation scheme, with profits being hit by costs of SEK 25.9 million for this scheme. Profits were also affected by the downturn in the telecom sector, with rationalisation causing lay-offs and fewer customer projects. This meant greater price pressure but also created outsourcing opportunities.

INFORMATIC

With around 200 employees working within technical information, Informatic progressed well during the year. We received continued confidence from our customers through the extension and expansion of our partnership with Volvo Cars. New partnership agreements were signed with Besam and ABB. Informatic also launched Zooma by Semcon, employing a dozen experts in visualisation and film. They act as a bridge between technical information and market information, making our customers' flow of information more effective.

Development continued with Semcon's partnership model for outsourcing technical information. A development project was carried out to create a generic platform featuring a powerful IT system that can recycle existing text and improve management of the entire flow of information, from method development to distribution. Informatic's unique range allows us to take an active role in ongoing outsourcing talks.

IT SOLUTIONS

Semcon IT Solutions supplies effective product development tools and methods in the fields of CAD and PDM. Business progressed well during the year and around 50 employees work in the area. During the year IT Solutions received an order from Saab Auto-

mobile worth SEK 20 million for IT equipment. Saab Automobile has also outsourced the running of its CEE environments to Semcon, based on a five-year partnership agreement for outsourcing of system and operational support for production development environments.

FUTURE

Products are becoming more complex with increased electronic and IT content. This boosts demand for the latest competence and greater resources, a phenomenon noted in the Vehicle sector, among others. Because Semcon works in both the Telecom and Vehicle sectors, we act as a bridge between customers and can transfer the required skills. With applications and hardware still in their infancy, there is still great potential for more effective processes with regard to the future potential of mobile internet. In 2002, Semcon will be investing in 3G mobile internet, interactive information and embedded design. Partnerships with larger customers are also expected during 2002. This will be in the form of customers outsourcing non-core operations, with Semcon taking responsibility for staff and production.

MARKET

The 60 largest technical consultancy firms had sales of SEK 97 billion during 2000. Source: Affärsväldens Konsultguide.

CUSTOMERS

- ABB
- AB Volvo
- AstraZeneca
- Besam
- Ericsson
- Metso
- Saab Automobile
- Volvo Car

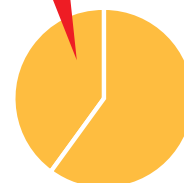
COMPETITORS

- Enea
- Frontec
- HiQ
- Teleca/AU-system

KEY FIGURES


	1999	2000	2001
Sales (SEK m)	323.7	416.9	449.5
Operating profit/loss (SEK m)	39.9	51.7	-1.0
Operating margin (%)	12.3	12.4	-0.2

Shares of total sales is 40%



Semcon Technology Management

Strategies for development



Technology Management boosts customers' results by developing strategies for processes, IT, human resources and technology. The business area's work with strategy issues and major projects at management level creates opportunities where the entire range of Semcon's competence can be used. The business area leads IT and development projects that cover strategy, organisation, processes, infrastructure, human resources and technology.

Operations in the business area are gathered together under Semcon Industrial management and Zipper by Semcon

RESULTS IN 2001

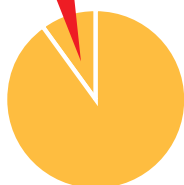
Sales rose by 139.7 percent to SEK 106.7 million (44.5 m), and the operating loss was SEK -7.8 million (2.7 m). The business area is responsible for 10 percent (4) of total Group sales. Profits were hit by costs of SEK 2 million for the rationalisation scheme. The reason for the profit decline was the downturn in the telecom sector combined with reduced demand for general management consultancy services. Demand remained good for specialist services such as strategies for more effective development of products and production. A declaration of intent was signed with Ericsson concerning the takeover of the PROPS operation in Karlstad during 2002.

SEMCON INDUSTRIAL MANAGEMENT

Semcon Industrial management works with strategies for development of products and production. Semcon's work includes boosting the efficiency and planning of product development and product portfolios, which affects the customer's time-to-market and competitive edge. Services include:

- Operations Management
- Project Management
- Environmental Management
- Competence Management

Share of total sales is 10%



KEY FIGURES

	1999	2000	2001
Sales (SEK m)	24.2	44.5	106.7
Operating profit/loss (SEK m)	3.1	2.7	-7.8
Operating margin (%)	12.8	6.2	-7.3

ZIPPER BY SEMCON

Zipper works with IT infrastructure strategies. The business concept is to reduce customers' total IT costs via effective concepts and taking total project responsibility. Services consist of creating cost-effective solutions in IT infrastructure. During the year Zipper did business with Akzo Nobel and Mölnlycke Healthcare. A new office was opened in Stockholm and a new operation for systems integration, Zipper Systems AB, was established in Göteborg. Start-ups had a negative impact on results of SEK 3.5 million. Business has begun promisingly in 2002.

FUTURE

In 2002 the business area's focus is on profitability ahead of growth. The business area's main task is to make customers more competitive through strategic advice, project management and major changes aimed at reducing lead times and cutting costs. Semcon has a unique understanding of the technology and processes used by customers in their operations. By using the competence network that exists throughout Semcon, the business area can lead development projects that cover strategy, organisation, processes, human resources and technology.

Demand for services that boost the efficiency of customer operations is expected to increase in the areas of production and IT infrastructure during 2002.

MARKET

The 60 largest technical consultancy firms had sales of SEK 8.2 billion during 2000. Source: Affärsväldens Konsultguide.

CUSTOMERS

- Akzo Nobel
- Ericsson
- Mölnlycke Healthcare
- Siemens-Elema
- Telia
- Volvo Cars

COMPETITORS

- Accando
- Accenture
- Arthur D. Little

Rosetta

Semcon's most high-flying project

In conjunction with the Swedish Institute of Space Physics at Uppsala University, Semcon is part of an exciting international space project. Semcon has developed a microprocessor card and circuit boards that can withstand extreme stress. They will make their way into outer space in 2003.

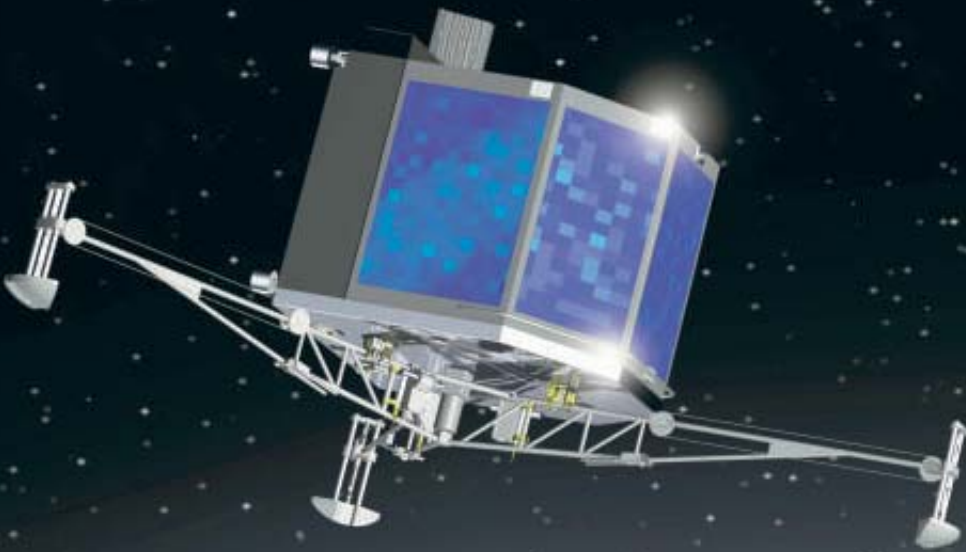
The solar powered space probe Rosetta will be sent up to closely monitor the activity of the Wirtanen comet., the European Space Agency (ESA) is behind the project. The probe will contain instruments from a number of countries and individual research projects.

Semcon has developed an instrument to measure chemical gases. Semcon's consultants have contributed to the project by developing circuit boards and microprocessor cards for measuring instruments. The actual

measuring probes consist of a number of shiny gold spheres made from titanium nitride, a material specially developed in Uppsala.

The instrument developed by Semcon will be placed under extreme stress in space, and the technical demands of the project have therefore been high. The temperature, for example, will vary between -150°C and $+100^{\circ}\text{C}$.

When the space probe takes off from French Guyana in January 2003, Semcon will obviously be following its journey very closely. For the first time ever a lander will be sent from a probe onto a comet. Research is being carried out to gain more information about comets, not least because they can pose a threat if a collision with Earth becomes a reality. NASA is also conducting its own space research projects.





LifeScience

Extensive experience gives
LifeScience credibility

With LifeScience, Semcon has achieved successful entry onto the international pharmaceutical market. It is important to have extensive experience in this sector. Credibility increases as successful projects are achieved. Margareta Häggström is one person who has what it takes.

LifeScience is in its infancy but Margareta Häggström and her colleagues have been developing products for international pharmaceutical companies for many years, including Novo Nordisk A/S of Denmark. She also helped develop the automated factory for manufacturing ampoules for NovoLet and FlexPen insulin pens. The factory prepares specially adapted doses for people with different insulin needs.

Novo Nordisk and its subsidiary Novo Nordisk Engineering run many other large projects. Semcon LifeScience is currently planning part of the process at the new pharmaceutical factory in Hillerød, Denmark, where NovoSeven(will eventually be manufactured. The product will be used to treat haemophiliacs who don't respond to current treatments.

The order is very large and around 20 consultants will be occupied there during the greater part of 2002 with designing, documenting, qualifying, verifying, testing and trials. The undertaking will also include an automated section, developed in line with the latest requirements from the US Food and Drug Administration.

Margareta Häggström, manager of Semcon LifeScience, has participated in developing the production plant for insulin ampoules for Novo Nordisk. She has worked in the industry for 20 years.

Customer: Pharmadule/Emtunga AB

Assignment: Project work for modular-based bio-technology factory in the US

The focus area of Medical & LifeScience was strengthened during 2001, mainly due to Pharmadule Emtunga's modules that are in demand throughout the world, not least in the US. Semcon is currently working on a project for a 3,000 square-metre module-based bio-technology factory in Pennsylvania. The assignment includes 14,000 engineering hours and is being carried out close to the customer's production plant in Göteborg. With Semcon's help Pharmadule Emtunga can more easily handle large projects with short lead times. There are good prospects for continued co-operation. Large projects that require many different types of competence suit Semcon perfectly. A project organisation can quickly be set up close to the customer.

Semcon's shares

Semcon's shares were launched on the O-List of the Stockholm Stock Exchange on 26 May 1997. The introduction price was SEK 31.5. Semcon's shares will be quoted on the Stockholm Stock Exchange's Attract 40 list from 2002.

SHARE CAPITAL

Semcon's share capital is SEK 17 391 021, divided between 17 391 021 shares, each with a nominal value of SEK 1. All shares confer an equal right to a share of the company's assets and profits. Each share gives the entitlement to one vote.

OPTIONS SCHEME

2000

At the EGM on 23 August 2000, shareholders decided that the company should raise a debenture loan of a maximum SEK 650,000 by issuing not more than 650,000 options each with a nominal value of SEK 1. Each option gives the holder the right to subscribe for one new share in Semcon AB, from 1 October to 31 December 2003 inclusive, at a price of SEK 196. A total of 327 people subscribed for a total of 163,900 options. After full conversion, Semcon's share capital is SEK 18,266,721.

PRICE TREND AND TURNOVER

During 2001 the share price fell by 68.4 percent from SEK 125 to SEK 39.5. The SX General index fell over the same period by 17 percent. At the beginning of 2001 Semcon's market value was SEK 687 million, based on the latest market price.

DIVIDENDS

The Board of Directors has established a dividend policy

whereby Semcon AB's dividends shall correspond to 30–50 percent of profits after tax over the long-term.

Taking into account the Semcon Group's results, the Board has decided to propose to the AGM that no dividend will be paid for 2001. The dividend for 2000 was SEK 0.50 per share.

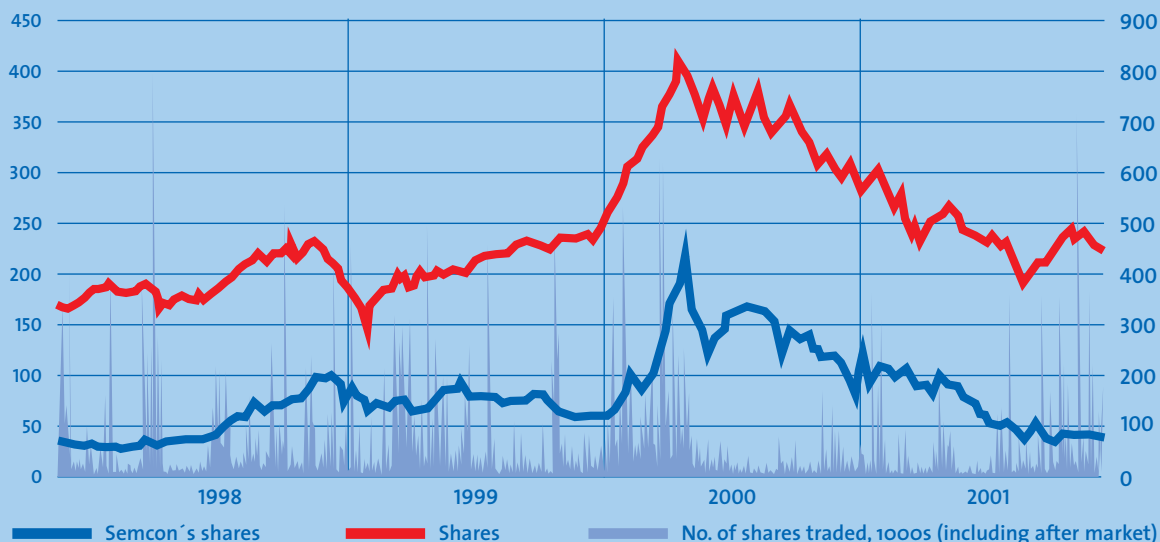
OWNERSHIP STRUCTURE

On 31 December 2001, Semcon had 4,566 shareholders. Institutional investors held around 83.8 percent of the share capital and voting rights on 31 December 2001. Foreign holdings reduced somewhat, but are still considerable and amounted to around 52.3 percent at the end of the year.

CONTACTS WITH THE EQUITY MARKET

Semcon has carried out a number of investor and analyst meetings in Sweden and abroad, including financial hearings via the internet. During the year the following financial institutions have monitored Semcon:

Brokerage	Analysts
Alfred Berg	Jacob Wall
Cazenove	Gorm Thomassen
Danske Securities	Bertil Nilsson
Enskilda Securities	Andreas Joelsson Niklas Fhärm
Handelsbanken	Peter Trigarszky
Nordea Securities	Bo Fredriksson
Nordiska Fondkommission	Jonas Elofsson
Redeye	Stefan Nelson
Swedbank	Catharina Bernstein



The annual report and interim reports are published in Swedish and English. The reports are distributed to shareholders who have expressed an interest. Printed reports can be ordered from Semcon's head

office in Göteborg, see address list. The reports are published on Semcon's website www.semcon.se, and can also be ordered in printed form via the website.

SHARE CAPITAL

Date	Type of issue	Number of shares issued	Total number of shares after issue	share capital after issue
7 March 1997	Company formed	500 000	500 000	500 000
14 April 1997	Cash issue	4 003 700	4 503 700	4 503 700
14 April 1997	Issue in kind	496 300	5 000 000	5 000 000
25 April 1997	Cash issue	12 338 521	17 338 521	17 338 521
31 August 2001	Cash issue	52 500	17 391 021	17 391 021

KEY FIGURES PER SHARE

	2001	2000	1999	1998	1997
Shareholder's equity per share before dividend (SEK)	8.56	8.57	7.83	5.85	3.28
Shareholder's equity per share including 163,900 options (SEK)	8.48	8.14	7.43	5.55	3.11
EPS after tax (SEK)	0.08	1.99	3.38	3.44	2.31
EPS including 163,900 warrants (SEK)	0.08	1.89	3.21	3.27	2.19
Cash flow per share (SEK)	-0.3	-3.1	2.4	0.8	-0.06
Proposed dividend per share (SEK)	0.0	0.50	1.40	1.40	0.60
P/E ratio	504.4	62.8	29.6	19.5	15.4
Share price 30/12 (SEK)	39.5	125	100	67	35.5
Market price 30/12 (MSEK)	687	2 167	1 734	1 162	615
Number of shares (000s)	17 391	17 338	17 338	17 338	17 338

LARGEST HOLDINGS ON 31 DEC. 2001

Shareholder	Number of shares	Percentage
Henderson Investors	2 657 716	15.3
SEB funds	1 187 724	6.8
SHB funds	1 056 174	6.1
Robur funds	463 300	2.7
Hans Johansson and relatives	453 600	2.6
Svolder	434 000	2.5
T Rowe Price funds	409 150	2.4
Skandia Carlson funds	396 700	2.3
Nordea pension fund	300 000	1.7
Total	7 358 364	42.4
Other ownership	10 032 657	57.6
Grand total	17 391 021	100

Source: VPC AB's Shareholder Register on 28 December 2001

OWNERSHIP STATISTICS

Size	Number of shares	Percentage	Number of shareholders
1–500	691 010	4.0	3 324
501–1 000	616 446	3.5	710
1 001–10 000	1 183 317	6.8	431
10 001–100 000	2 380 410	13.7	73
100 001–	12 519 838	72.0	28
Totalt	17 391 021	100	4 566

Source: VPC AB's Shareholder Register on 28 December 2001

The accounts

Definitions

Operating margin. Profit after depreciation as a percentage of operating income.

Net profit for the year. Profit for the year after tax.

Interest cover ratio. Profit after net financial items plus financial expenses divided by financial expenses.

Return on average shareholders' equity. Net profit for the year as a percentage of average shareholders' equity.

Return on average capital employed. Profit after net financial items plus financial expenses as a percentage of average capital employed.

Capital employed. Shareholders' equity plus interest bearing liabilities.

Equity/assets ratio. Shareholders' equity as a percentage of the balance sheet total.

Share of risk bearing capital. Shareholders' equity plus deferred tax liabilities divided by the balance sheet total.

Debt/equity ratio. Interest bearing liabilities divided by shareholders' equity.

EPS after tax. Profit for the year divided by the number of shares issued.

EPS including options. Profit for the year divided by the number of shares issued plus options.

Shareholders' equity per share before dividend. Shareholders' equity divided by the number of shares issued.

Shareholders' equity per share including options. Shareholders' equity divided by the number of shares issued plus options.

Price per share/equity. Price per share divided by shareholders' equity per share.

P/E ratio. Price per share divided by earnings per share.

Average number of employees. Average number of full-time employees.

Sales per employee. Sales divided by the average number of full-time employees.

Value added per employee. Profit after depreciation plus payroll expenses and social security contributions divided by the average number of full-time employees.

Profit after net financial items per employee. Profit after net financial items divided by the average number of full-time employees.

Five-year summary

INCOME STATEMENT

SEK 000	2001	2000	1999	1998	1997 pro forma
Net sales	1 126 628	1 007 233	863 501	708 908	495 613
Operating expenses	-1 120 978	-957 172	-779 080	-627 016	-438 452
Operating profit after depreciation	5 650	50 061	84 421	81 892	57 161
Financial income**	2 009	1 682	735	4 640	2 156
Financial expenses	-4 888	-1 286	-719	-1 692	-1 307
Profit after financial items**	2 771	50 457	84 437	84 840	58 010
Tax	-1 409	-15 879	-25 795	-25 111	-17 961
Net profit for the year	1 362	34 578	58 642	59 729	40 049

BALANCE SHEET

Capitalized development expenditure	4 386	4 329	2 808	—	—
Goodwill	83 743	57 929	19 652	—	—
Machinery/equipment/property	52 414	54 840	53 083	39 340	20 441
Financial fixed assets	19 660	12 050	—	—	—
Stock in trade	315	1 264	1 673	510	3 888
Work-in-progress	89 211	72 263	71 044	53 983	42 751
Accounts receivable	222 595	171 658	128 750	122 585	82 885
Other current assets	36 528	49 071	14 177	17 173	23 116
Cash and bank balances	7 049	12 542	66 073	24 023	10 076
Total assets	515 901	435 946	357 260	257 614	183 157
Shareholder's equity	148 921	148 637	135 727	101 358	56 833
Minority shares	426	297	297	—	—
Long-term liabilities and provisions	131 294	110 650	36 812	25 510	27 131
Current liabilities	235 260	176 362	184 424	130 746	99 193
Total shareholders' equity and liabilities	515 901	435 946	357 260	257 614	183 157

CASH FLOW STATEMENT

Cash flow from current activities	36 757	44 739	126 361	59 837	13 639
Cash flow from investments activities	-31 389	-76 602	-60 037	-35 487	-10 333
Cash flow from financing activities	-10 861	-21 668	-24 274	-10 403	-4 343
Change in liquid assets	-5 493	-53 531	42 050	13 947	-1 037

KEY FIGURES

Increase in sales (%)	11.9	16.6	21.8	43.0	26.9
Operating margin (%)*	0.5	5.0	9.8	11.6	11.5
Intrest cover ratio (times)*	1.5	40.2	118.4	51.1	45.4
Return on average shareholders' equity (%)*	0.9	24.3	49.5	75.5	90.7
Return on average capital employed (%)*	3.3	27.5	68.3	102.4	119.9
Equity/assets ratio (%)	28.9	34.1	38.0	39.3	31.0
Share of risk-bearing capital (%)	36.4	43.2	48.3	49.6	42.9
Debt/equity ratio (times)	0.42	0.45	0.18	0.05	0.1
Number of shares issued (000)	17 391	17 338	17 338	17 338	17 338
EPS after tax (SEK)*	0.08	1.99	3.38	3.44	2.31
EPS including 163.900 options (SEK)*	0.08	1.89	3.26	3.27	2.19
Shareholders' equity per share before dividend (SEK)	8.56	8.57	7.83	5.85	3.28
Price per share/equity (times)	4.61	14.6	12.8	11.5	10.8
P/E ratio.	504.4	62.8	29.6	19.5	15.4
Average number of employees.	1 585	1 504	1 173	955	695
Sales per employee (SEK 000)	711	670	736	742	713
Value added per employee (SEK 000)*	507	479	505	505	494
Profit after net financial items per employee (SEK 000)*	1.5	33.6	72.0	88.8	83.5
Investments in machinery and equipment (SEK 000)	24 991	26 886	26 825	35 891	11 342
Investments in subsidiaries' shares (SEK 000)	31 762***	41 120	30 722	1 007	—

* Including refund from SPP of SEK 19.6 million in 2000.

** Including minority interest of SEK 422,000 in 2001 and SEK 911,000 in 2000.

*** Of which SEK 25,000,000 for estimated additional proceeds (see note 18.)

Directors' report

The Board and Managing Director of Semcon AB (publ) co. reg.no. 5565 39-9549 herewith present the annual report and consolidated accounts for the 2001 financial year.

BUSINESS ACTIVITIES

Semcon AB (publ.) is the parent company in a Group consisting of 28 companies in accordance with note 7.

As a partner to industry Semcon provides human and technical competence that improves customers' results. Semcon provides Swedish industrial design and development competence in the Technology Management, e-Design and Industrial Design business areas.

Semcon has offices in the following locations: Göteborg (HK), Helsingborg, Karlstad, Karlskrona, Katrineholm, Kista, Copenhagen, Linköping, Ludvika, Lund, Malmö, Oskarshamn, Oxelösund, Stenungsund, Stockholm, Sundsvall, Södertälje, Trollhättan, Uppsala, Varberg, Västerås and Växjö.

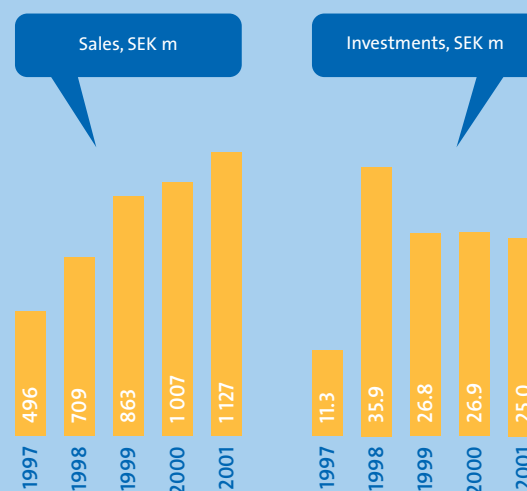
THE WORK OF THE BOARD OF DIRECTORS

The Board of Directors has five members, two employee representatives and one deputy employee representative.

During the year the Board met eleven times at five ordinary meetings and six extraordinary meetings. The Board follows the procedures set out for the Board and Managing Director's work. At the ordinary meetings the Board has dealt with the company's and Group's financial situation. In addition to this, strategic issues such as acquisitions, closures of unprofitable segments and new aims and the new organisation have been dealt with.

The company's accountants are present at all Board meetings and state their views on the internal control and financial reporting of the Group.

Annemarie Gardshol was elected to the Board and Board members Pia Gideon, Carl-Åke Jansson and Hans Johansson were re-elected at the AGM. Christian W Jansson was re-elected Chairman of the Board.



OPTIONS SCHEME

Between 2 May and 31 August the 1998/2001 warrants could be redeemed for shares at an exercise price of SEK 75. The number of remaining warrants amounted to 764,300 of which 52,500 were utilized. This furnished the company with SEK 52,500 in share capital and SEK 3.9 million in share premium reserve, giving dilution of 0.3 percent. Following the issue the number of shares amounted to 17,391,021 (17,338,521).

COMPANY ACQUISITIONS

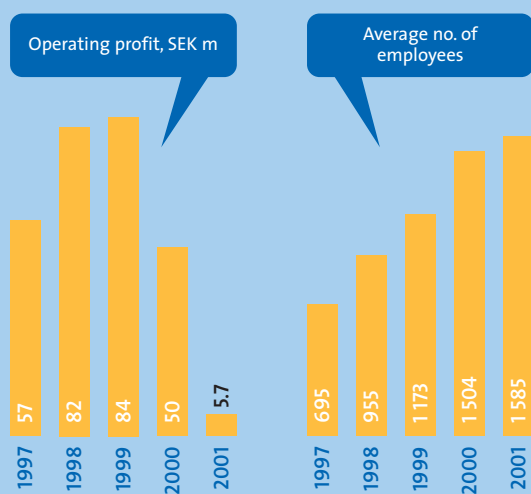
- Semcon acquired 30 percent of Pharma Life Science Scandinavia AB on 5 May 2001 and started new consultancy activities aimed at the pharmaceutical industry.
- Semcon acquired 40 percent of Zooma by Semcon on 11 May 2001 and started new consultancy activities aimed at interactive media and film.
- Zipper AB acquired the subsidiary Zipper Tech AB and ZipperSystem AB.

FINANCIAL OVERVIEW

Sales and results

The Group's sales climbed to SEK 1,126.6 million (1,007.2) a rise of 11.9 percent. The operating profit was SEK 5.7 million (50.1 m) and the profit after financial items was SEK 2.4 million (49.6 m). The improved sales figure compared with last year was mainly due to greater outsourcing assignments, further total solutions and growth in the number of staff.

The operating margin was 0.5 percent (5.0). Profits were affected by the major downturn in Telecom and IT and as a consequence the results were burdened with winding-up costs of SEK 31.1 million. EPS after tax was SEK 0.08 (1.99). Return on average shareholders' equity was 0.9 percent (24.3). The equity/-assets ratio was 28.9 percent (34.1) and shareholders' equity stood at SEK 148.9 million (148.6 m), which corresponds to SEK 8.56 per share (8.57) before the dividend. The Group's liquid assets totalled SEK 7.0



million (12.5) including bank overdraft facilities set at SEK 100 million of which SEK 41.4 has been utilised.

Investments

Semcon invested SEK 25.0 million (26.9) in 2001 mainly in computer equipment and networks. Investment in programming development was SEK 1.1 million (0.2). In addition, the company invested SEK 31.7 million (41.1) in subsidiaries' shares and SEK 0 million (11.2) in associated companies' shares.

Employees

At the end of the year there were 1,601 employees (1,623), which is a net decrease of 1.3 percent compared with the previous year. The average number of employees during 2001 was 1,585 (1,504) of which 21 percent are women (20). The average age of employees is 35 (35).

DIVIDEND POLICY

The Board considers that the size of future dividends should be based on Semcon's long-term growth, profits and capital requirements for continued expansion with regard to its financial targets. The long-term aim is to pay out between 30 and 50 percent of the profit after tax to Semcon's shareholders.

The Board considers that the company's equity/-assets ratio shall be a minimum of 35 percent. One of Semcon's aims for the future is to expand and create long-term growth in value for shareholders. If conditions are right, with consideration to financial targets and investment alternatives for continued expansion, the Board intends to pay out higher dividends. The Board of Semcon AB will propose to the 2002 AGM that no dividend be paid for the 2001 financial year. A dividend of SEK 0.50 per share was paid in 2000.

RISKS AND SENSITIVITY ANALYSIS

This section tries to explain the factors that affect evaluations of consultancy companies the most.

Employees and customers

The greatest risk in a know-how intensive company is that the employees quit, or the right employees are not recruited. Unsuccessfully completed assignments can also affect results. This risk is limited however because in most cases the consultant is part of the customer's project and continual checks and balances are carried out during a project. In addition, consultant liability insurance agreements are signed in accordance with industry practice. This corresponds to the liability for the project and amounts to a maximum 120 basic payments (using the Swedish Social Security base payment scale).

Customer relations are the most important factor in a consultancy company's success. Thanks to skilled consultants who carry out assignments in a way that exceeds customer expectations, the customers return. A good relationship is created by initiative, openness, competence, involvement and reliability.

Global factors and changing markets

There are also a number of external factors that affect the customers' use of consultants.

- Stiffening global competition and shorter product life cycles make the industry apply itself more towards design and product development.
- Sweden's relatively good position in many of Semcon's areas of operation gives a good starting point for international expansion.
- Greater technology and IT usage in products increases complexity. This in turn requires more specialist competence. Customers cannot afford time and resources to develop all the competency themselves.
- Continued environmental awareness and new environmental requirements mean that product and product development must be constantly monitored to secure the greatest possible environmental regard for materials and method choice as well as to increase re-cycling possibilities.

FEWER SUPPLIERS

The consultancy companies chosen as primary suppliers by the leading Swedish industrial firms have significant advantages. The industrial firms want to work with fewer suppliers giving better control of the quality of the consultants. Semcon has been chosen as primary supplier via long-term cooperation built on mutual trust with the largest industrial firms. This means that Semcon always receives requests for assignments and that they are bigger, and in certain cases entails comprehensive measures.

Outsourcing

Customers are focussing more and more on their core activities and offer other activities out to tender. These create opportunities for a long-term partnership aimed at improving operations that so often have come as a second priority to the customer. Outsourcing is carried out in IT support, technology information, testing, construction and training.

Business cycle

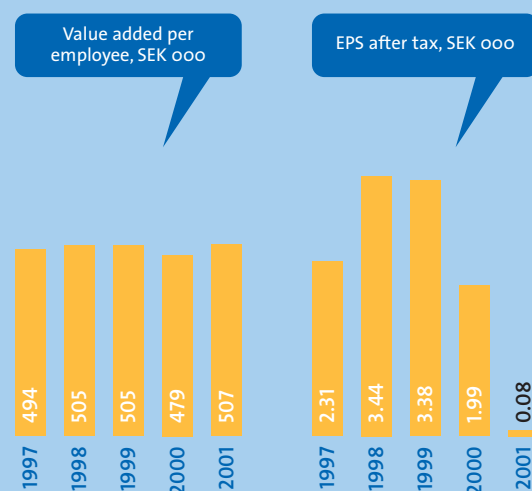
Semcon's customer base consists mainly of Swedish industrial companies. Semcon believes that the breadth of this customer base reduces dependence on individual sectors and economic cycles, and that Semcon is therefore mainly affected by the general economic cycle for Swedish exports.

Seasonal variations

As most of Semcon's assignments are ongoing assignments invoiced by the hour, results are strongly influenced by the number of hours available. The summer period, when most employees take holidays, is a weak period for consultancy firms, and even the length of the Christmas holiday can have a decisive effect on profits during Q4.

Sensitivity analysis

The number of available working days varies from



year to year. The earnings trend for Semcon is dependent on the number of available hours, the utilisation level and prices. The number of available hours depends on the number of employed consultants, speed of recruitment and access to suitable engineers. The time of the year when recruitment takes place also affects results.

Available hours are also affected by factors such as holidays and opportunities for overtime. Changes in the number of available hours influence both consultancy income and operating costs (wages). In general, changes in the number of hours are driven by customer enquiries that lead to assignments and a need for recruitment. During 2001, Semcon actively changed towards value based sales, which in turn increased. During the latter part of the year a breakthrough occurred in sales of the in-house developed products Insight™ and Fasttrack™ OnLine, Appline and BaseLine. Product development has been carried out to expand Semcon's earnings capacity. However, investments also mean that risk levels increase.

The utilisation ratio is a key factor for Semcon's profitability and also its most important control ratio. Changes in utilisation ratios only marginally affect operating expenses. The price level is controlled by factors such as the combined expertise of the company, the individual competence of the consultant, market demand and general inflationary pressures.

A change of +/- 1% in the following variables would have affected operating profit for 2001 as follows:

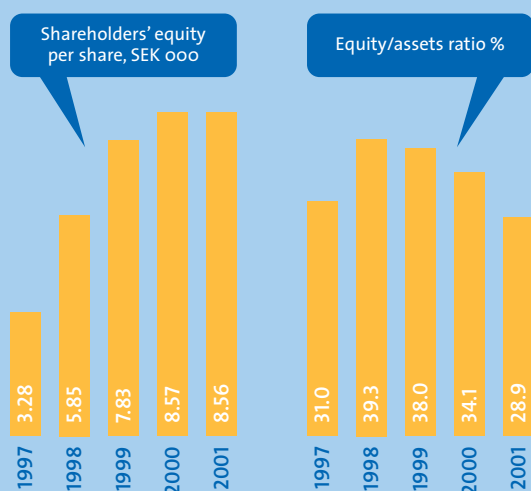
Variable SEK m

Utilisation level	11.1
Average fee	8.9

Financial risks

Semcon's has a marginal exposure to currency risk, because the majority of customers are Swedish.

Interest bearing debt stood at SEK 62.9 million (66.3 m)



Semcon believes there is a low risk for outstanding accounts receivable because the majority of trade debt consists of receivables from well-established listed companies of sound financial strength.

GOALS FOR 2002

- Profit before growth
- Investment in training employees in the latest technology, tools and methods
- Priority segments are: Vehicle, Telecom, Medical & LifeScience and Industry
- Focus on increasing the share of total solutions and value-based business
- More partnerships with customers through outsourcing their non-core activities
- Refine our concept to make customer development and IT environments more effective

VIEWS FOR 2002

The market as a whole will continue to be weak for the first six months of 2002. Profitability will be prioritised before growth. It is Semcon's assessment that the rationalisation scheme will lead to improved profitability for the whole year.

The Board's assessment for the full year 2002 is that the company will experience strong sales growth with continued good margins.

Proposed allocation of profits (SEK 000)

The AGM has the following profit at its disposal:

Profit brought forward	41 757
Profit for the year	12 685
Total	54 442

The Board proposes that the profits be distributed as follows:

Carried forward	54 442
Total	54 442

According to the consolidated balance sheet, non-

restricted equity amounts to SEK 58,649,000. It is proposed that SEK 980,000 of this be allocated to restricted reserves.

Income statement

SEK 000	NOTE	THE GROUP		PARENT COMPANY	
		2001	2000	2001	2000
OPERATING INCOME					
Net sales	1	1 126 628	1 007 233	19 992	27 421
OPERATING EXPENSES					
Purchase of goods and services		-150 336	-122 348	—	—
Other external expenses	2	-127 401	-115 939	-9 996	-14 758
Staff costs	3,4	-809 611	-688 100	-7 333	-10 338
Depreciation of tangible assets	5	-7 629	-5 085	-645	-562
Depreciation of intangible assets	5	-25 556	-26 884	-1 642	-1 244
Share in associated companies' profits		-445	1 184	—	—
Operating profit		5 650	50 061	376	519
FINANCIAL ITEMS					
Interest income and similar items	6	1 598	771	416	1 591
Group contribution received		—	—	21 750	89 750
Interest expense and similar items	7	-4 888	-1 286	-2 361	-2 328
Profit after financial items		2 360	49 546	20 181	89 532
APPROPRIATIONS					
Provision for tax allocation reserve		—	—	-3 909	-8 184
Excess depreciation		—	—	1 636	-1 495
Profit before tax		2 360	49 546	17 908	79 853
Tax on profit for the year	8	-1 409	-15 879	-5 223	-22 761
Minority interest for the year		411	911	—	—
PROFIT FOR THE YEAR		1 362	34 578	12 685	57 092
Number of shares		17 391 021	17 338 521	—	—
EPS, SEK		0.08	1.99 *	—	—
EPS including 163,900 options, SEK		0.08	1.97 *	—	—

* Including Alecta refund of SEK 19.6 million in 2000.

Balance sheet

SEK 000	NOTE	THE GROUP		PARENT COMPANY	
		31 Dec 01	31 Dec 00	31 Dec 01	31 Dec 00
ASSETS					
Fixed assets					
Intangible assets	5				
Goodwill		83 743	57 929	—	—
Capitalized development expenditure		4 386	4 329	1 829	2 474
Tangible assets	5				
Plant and machinery		1 636	3 933	—	—
Equipment		19 571	15 978	598	8 673
Computers		22 957	26 435	120	257
Property		8 250	8 494	—	—
Financial assets					
Shares in subsidiaries	9	—	—	45 045	43 100
Shares in associate companies	9	11 401	11 904	—	11 170
Other long-term investments held as fixed assets		146	146	—	146
Other long-term receivables	8, 10	8 113	—	—	—
Total fixed assets		160 203	129 148	47 592	65 820
Current assets					
Receivables from subsidiaries		—	—	47 162	116 975
Stock and commodities		315	1 264	—	—
Advance payments to suppliers	11	89 211	72 263	—	—
Accounts receivable		222 595	171 658	—	67
Other receivables	12	14 806	32 974	11 636	9 796
Accrued expenses and deferred income	13	21 722	16 097	990	3 209
Cash and bank balances		7 049	12 542	50 048	29
Total current assets		355 698	306 798	109 836	130 076
TOTAL ASSETS		515 901	435 946	157 428	195 896

Balance sheet continued

SEK 000	NOTE	THE GROUP		PARENT COMPANY	
		31 Dec 01	31 Dec 00	31 Dec 01	31 Dec 00
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity and liabilities	14				
Restricted equity					
Share capital (17,391,021 shares at a nom. SEK 1)		17 391	17 338	17 391	17 338
Restricted reserves		72 881	67 804	23 472	19 588
Non-restricted equity					
Profit brought forward		57 287	28 917	41 757	-1 814
Profit for the year		1 362	34 578	12 685	57 092
Total shareholders' equity		148 921	148 637	95 305	92 204
Minority shares					
Minority shares in subsidiaries		426	297	—	—
Total minority shares		426	297	—	—
Untaxed reserves					
Accumulated excess depreciation		—	—	1 025	2 661
Tax allocation reserve		—	—	39 530	35 621
Total untaxed reserves		—	—	40 555	38 282
Provisions					
Deferred tax	8	38 870	39 780	—	—
Other provisions	15	29 500	4 500	—	—
Total provisions		68 370	44 280	—	—
Long-term liabilities					
Bank overdraft facilities	16	44 054	41 370	—	37 494
Liabilities to credit institutions		18 870	25 000	18 750	25 000
Total long-term liabilities		62 924	66 370	18 750	62 494
Current liabilities					
Accounts payable		40 071	30 995	324	1 003
Other liabilities		46 941	50 694	1 286	747
Accrued expenses and deferred income	17	148 248	94 673	1 208	1 166
Total current liabilities		235 260	176 362	2 818	2 916
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		515 901	435 946	157 428	195 896
MEMORANDUM ITEMS					
Pledged assets					
Floating charges		—	15 900	—	—
Contingent liabilities					
Guarantees for subsidiaries		—	—	54 278	47 502
Guarantees paid		1 473	1 636	—	—

Cash flow statement

SEK 000	NOTE	THE GROUP		PARENT COMPANY	
		1 Jan 01– 31 Dec 01	1 Jan 00– 31 Dec 00	1 Jan 01– 31 Dec 01	1 Jan 00– 31 Dec 00
CURRENT ACTIVITIES					
Operating profit after depreciation		5 650	50 061	376	519
Depreciation		33 185	31 969	2 287	1 806
Share in associate companies' results		445	-1 184	—	—
Profit/loss of machinery & equipment sold		248	1 304	22	—
Cash flow from current activities		39 528	82 150	2 685	2 325
Interest received		1 597	771	416	1 591
Interest paid		-4 784	-1 286	-2 361	-2 328
Income tax paid		-8 318	-34 160	-8 326	-42 871
Cash flow from current activities before changes in working capital		28 023	47 475	-7 586	-41 283
CHANGE IN WORKING CAPITAL					
Increase/decrease in current receivables		-36 149	-36 843	75 247	-6 641
Increase/decrease to work in progress and stock		-15 999	1 462	—	—
Increase/decrease in current liabilities		60 882	32 645	-37 591	-12 377
Total change in working capital		8 734	-2 736	37 656	-19 018
Cash flow from current activities		36 757	44 739	30 070	-60 301
INVESTMENT ACTIVITIES					
Investments in shares in subsidiaries	18	-6 762	-41 120	-1 945	—
Group contributions made	14	—	—	-6 740	-48 025
Investments in intangible fixed assets		-1 119	-228	—	-228
Investments in tangible fixed assets		-24 991	-26 886	-33	-5 803
Investments in financial fixed assets		—	-11 316	—	-11 316
Payments from sales of machines and inventory		1 483	2 948	6 582	—
Payments from sales of financial fixed assets		—	—	11 316	23 614
Cash flow from investment activities		-31 389	-76 602	9 180	-41 758
FINANCING ACTIVITIES					
Group contributions received		—	—	21 750	89 750
New share issue		3 938	—	3 938	—
Amortization of loans		-6 130	—	-6 250	—
Income from option scheme		—	2 606	—	2 606
Dividends paid		-8 669	-24 274	-8 669	-24 274
Cash flow from financing activities		-10 861	-21 668	10 769	68 082
CHANGE IN LIQUID ASSETS		-5 493	-53 531	50 019	-33 977

Notes

ACCOUNTING AND VALUATION PRINCIPLES

The Annual Report has been prepared in accordance with Swedish GAAP. The consolidated accounts have been drawn up in line with the recommendations of the Swedish Financial Accounting Standards Council and Swedish Annual Accounts Act (1995:1554).

CHANGES TO THE ACCOUNTING PRINCIPLES

Semcon is applying Recommendation RR9 (Income Taxes) of the Swedish Financial Accounting Standards Council with effect from the 2001 financial year. The effect of the change to the accounting principles is shown in accordance with the Swedish Financial Accounting Standards Council's recommendation "Accounting of the change of Accounting Principles RR5". This means that comparable information in the annual report has been revised using this new principle. The effect on shareholders' equity is explained in Note 11.

In accordance with the Swedish Financial Accounting Standards Council's recommendation RR11 (Revenue), the former term "Work in progress on behalf of others" has been changed to "Accrued non-invoiced income". The item "Change to work in progress" in the income statement now appears as part of net sales. The reclassification has not meant any change to the valuation principles for work in progress. Fixed rate work appears according to the former principles of accrued expenses instead of reprocessing according to the degree of completion. Fixed rate assignments make up an insignificant part of the previous year's annual accounts and this is the reason for the recalculation of comparative years.

CONSOLIDATED ACCOUNTING PRINCIPLES

These consolidated accounts have been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendations. In addition to the Parent company the Group consists of all subsidiaries where the Group owns shares and directly or indirectly has the majority of voting rights, or through agreements has an influence on decisions.

These consolidated accounts have been prepared in accordance with the purchase method, which means that consolidated equity includes the parent company's own equity and the proportion of the subsidiaries' own capital earned after the time of acquisition. The difference arising due to the fact that the acquisition value is higher than the equity of the acquired company is allocated as goodwill. Negative goodwill has reduced the value of fixed tangible assets.

Untaxed reserves are divided into deferred tax liability (28%) and equity, which is included under restricted reserves.

As a result, the consolidated statements exclude all items that directly affect the value of untaxed reserves. The tax proportion of these items is included in this year's taxes in the profit and loss account, and the equity portion is entered together with net profit for the year.

When calculating the profit and loss accounts and balance sheets of foreign subsidiaries, the rate of exchange applying on the day has been applied.

The equity method has been applied in the consolidated accounts for accounting associate companies. This means that the value of the shares in the associate companies is raised or lowered by the share of the associate companies' profit or loss for the year and reduced by the amount of dividend received. The shares of the associate company's profits in the income statement are reported in the Group's share of profits before tax and the share of the tax cost is reported in the tax costs for the year.

REVENUE RECOGNITION

Work in progress is taken up as revenue in line with work being carried out. Fixed rate work is taken up as revenue in proportion to the respective assignment's degree of completion on the closing date after reservation for loss risks. In the annual accounts any non-invoiced work appears as non-invoiced income in the balance sheet, in such cases following deduction of on account invoices. If an on account invoice for an individual project exceeds the revenue, then this appears as a net liability for the customer.

Revenues from sales of hardware appear upon delivery.

RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCIES

Receivables and liabilities in foreign currencies have been converted according to the exchange rate applying on the day.

STOCK

Stock has been valued according to the principle of the lowest value.

RESEARCH & DEVELOPMENT COSTS

The majority of Semcon's development costs concern developments in the framework of customer projects. These mainly occur on an ongoing basis. Exceptions to this are costs incurred for the development of specific programmes or technical platforms, which are activated when the product is considered commercially viable.

FIXED ASSETS

Machinery and equipment as well as investment in leased premises, have been valued at the purchase price with deductions for depreciation according to plan. Evaluation of capitalized development expenditure for computer programs has been done as an accrued expense from 1 January 1999. Accrued expenses have been activated from the time that it was decided that software was commercially viable, according to BF recommendation U88:15.

DEPRECIATION PRINCIPLES FOR FIXED ASSETS

Depreciation according to plan has been based on the item's estimated economic life as follows:

	NUMBER OF YEARS
Machines and plant depreciated over	5
Computers depreciated over	3
Equipment depreciated over	5
Property depreciated over	30
Goodwill depreciated over	10
In-house developed software depreciated over	5

ALLOCATIONS

Allocations have occurred in accordance with the Swedish Financial Accounting Standards' recommendations. Allocations, contingent liabilities and contingent assets (RR16) are uncertain debt concerning amount and time of regulation appear as allocations.

GROUP CONTRIBUTION/SHAREHOLDER'S CONTRIBUTION

Group contributions are shown in accordance with the Swedish Financial Accounting Standards Council's recommendations meaning that it is accounted for directly against shareholders' equity at a fictive corporate tax rate of 28%.

NOTE 1 DISTRIBUTION OF OPERATING INCOME

Sales and operating profit are distributed as follows:

THE GROUP SEK MILLION	OPERATING INCOME		OPERATING PROFIT	
	2001	2000	2001	2000
Industrial Design	570.4	485.4	14.5	22.0
e-Design	449.5	416.9	-1.0	51.7
Technology Management	106.7	44.5	-7.8	2.7
Competence Development	—	60.4	—	-45.1
ALECTA	—	—	—	19.6
Group total	1 126.6	1 007.2	5.7 *	50.9 *

Purchase/sales between Group companies amounts to SEK 92,971,000 (281,586,000).

* The minority interest share of the operating profit totals SEK 411,000 (911,000).

NOTE 2 REMUNERATION TO THE AUDITORS

THE GROUP SEK (000)	2001	2000
<i>For auditing and advice, plus other contributions resulting from observations made during auditing work:</i>		
Ernst&Young	1 108	1 008
<i>For independent advice given by:</i>		
Ernst&Young	1 838	2 951
Total	2 946	3 959

NOTE 3 AVERAGE NUMBER OF EMPLOYEES

	2001	2000		
	AVERAGE NUMBER OF EMPLOYEES	OF WHICH MEN,%	AVERAGE NUMBER OF EMPLOYEES	OF WHICH MEN,%
Parent company	5	40	6	33
Subsidiaries	1 580	79	1 498	80
Group total	1 585	79	1 504	80

NOTE 4 SALARIES, OTHER REMUNERATION AND PAYROLL OVERHEADS

(SEK 000)	2001			2000		
	SALARIES AND OTHER REMUNERATION	SOCIAL SECURITY EXPENSES (OF WHICH PENSIONS)		SALARIES AND OTHER REMUNERATION	SOCIAL SECURITY EXPENSES (OF WHICH PENSIONS)	
Parent company	4 070	3 247	(1 612) *	4 603	3 624	(1 565) *
Subsidiaries	527 200	215 975	(43 633)	457 812	186 673	(32 623)
Group total	531 270	219 222	(45 245) **	462 415	190 297	(34 188) **

* Parent company pension costs include SEK 887,000 (886 m) relating to the Board of Directors and the Managing Director. The Company has no external pension obligations, except as described above.

** Group pension costs include SEK 1,808,000 (1.927 m) relating to the Board of Directors and the Managing Director. The Group has no external pension obligations, except as described above.

In 2001 the Board of Directors received SEK 550,000. The Chairman received SEK 220,000 and the other external members received SEK 330,000. One other member received SEK 163,100 in consultancy fees (614,200). Salary and benefits to the Managing Director amounted to SEK 1,380,000 (1,970,681) in 2001. The Managing Director's bonus scheme consists of a bonus to be paid if Semcon's profits exceed a certain level. The Managing Director is entitled to a retirement benefit in the form of a pension scheme. The premium for such a scheme is 35 percent of annual salary up to 20 basic amounts (the basic amount for Swedish social security purposes) and 25 percent of such salary in the range of 20 to 50 basic amounts. Semcon is required to give the Managing Director 12 months notice

of termination of employment and the Managing Director is required to give Semcon 6 months notice. If Semcon wishes to terminate his employment agreement, the Managing Director will receive final compensation amounting to 18 months salary. His employment agreement also includes a non-competition clause, according to which the Managing Director may not engage in any competitive business activities within 18 months from the time of termination of his employment. The Managing Director has the right to retire at 60 with continued compensation equivalent to 70 percent of annual salary and potential bonus up to 65. Staff costs include the repayment from Alecta Pensionsförsäkring of SEK 19,648,000. This was utilised during 2001.

NOTE 5 ASSETS

THE GROUP SEK (000)	2001	2000
GOODWILL		
Opening acquisition value	62 966	20 165
Purchases	32 382	42 801
<i>Closing accumulated acquisition value</i>	<i>95 348</i>	<i>62 966</i>
Opening depreciation	5 037	513
Depreciation for the year	6 568	4 524
<i>Closing accumulated depreciation</i>	<i>11 605</i>	<i>5 037</i>
Closing residual value according to plan	83 743	57 929
OPENING COMPUTER PROGRAM DEVELOPMENT COSTS		
Opening acquisition value	4 891	2 808
Purchases	1 119	2 083
<i>Closing accumulated acquisition value</i>	<i>6 010</i>	<i>4 891</i>
Opening depreciation	562	0
Depreciation for the year	1 062	562
<i>Closing accumulated depreciation</i>	<i>1 624</i>	<i>562</i>
Closing residual value according to plan	4 386	4 329
PLANT AND MACHINERY		
Opening acquisition value	13 281	12 102
Purchases	687	1 179
Sales/disposals	-378	1 179
<i>Closing accumulated acquisition values</i>	<i>13 590</i>	<i>13 281</i>
Opening depreciation	9 348	6 478
Sales/disposals	-346	1 179
Depreciation for the year	2 952	2 870
<i>Closing accumulated depreciation</i>	<i>11 954</i>	<i>9 348</i>
Closing residual value according to plan	1 636	3 933
EQUIPMENT		
Opening acquisition value	33 276	24 856
Purchases	9 864	11 210
Sales/disposals	-1 157	-2 790
<i>Closing accumulated acquisition value</i>	<i>41 983</i>	<i>33 276</i>
Opening depreciation	13 785	11 288
Sales/disposals	-684	-1 622
Depreciation for the year	5 798	4 119
<i>Closing accumulated write-down</i>	<i>18 899</i>	<i>13 785</i>
Opening write-down	3 513	3 513
<i>Closing accumulated write-down</i>	<i>3 513</i>	<i>3 513</i>
Closing residual value according to plan	19 571	15 978
COMPUTERS		
Opening acquisition value	90 265	83 959
Purchases	14 473	20 405
Sales/disposals	-3 702	-14 099
<i>Closing accumulated acquisition value</i>	<i>101 036</i>	<i>90 265</i>
Opening depreciation	63 830	55 293
Sales/disposals	-2 312	-11 113
Depreciation for the year	16 561	19 650
<i>Closing accumulated depreciation</i>	<i>78 079</i>	<i>63 830</i>
Closing residual value according to plan	22 957	26 435

THE GROUP SEK (000)	2001	2000
PROPERTY		
<i>Buildings</i>		
Opening accumulated acquisition value	5 400	5 400
Purchases	0	0
Closing accumulated acquisition value	5 400	5 400
Opening depreciation	306	62
Depreciation for the year	244	244
Closing accumulated depreciation	550	306
Closing residual value according to plan	4 850	5 094
<i>Land</i>		
Opening acquisition value	3 400	3 400
Purchases	0	0
Closing accumulated acquisition value	3 400	3 400
Closing residual value according to plan	3 400	3 400
Assessed value for buildings	6 160	5 800
Assessed value for land	792	480
Assessed value total	6 952	6 280

LEASES AND TENANCY AGREEMENTS

The Group has a number of leasing agreements, mainly relating to private cars. The cost of these for the year was SEK 6,195,000 (3.891 m). Existing leasing agreements are based on market conditions with remaining leasing agreements due to mature within 1 to 3 years. Furthermore the Group rents office space at around 30 locations in Sweden. All of these tenancy agreements were signed under market conditions and for normal periods of time.

PARENT COMPANY SEK (000)	2001	2000
OPENING COMPUTER PROGRAM DEVELOPMENT COSTS		
Opening acquisition value	3 036	2 808
Purchases	0	228
Closing accumulated acquisition value	3 036	3 036
Opening depreciation	562	0
Depreciation for the year	645	562
Closing accumulated depreciation	1 207	562
Closing residual value according to plan	1 829	2 474
EQUIPMENT		
Opening acquisition value	10 590	4 942
Purchases	11	5 648
Sales/disposals	-9 632	5 648
Closing accumulated acquisition value	969	10 590
Opening depreciation	1 917	805
Sales/disposals	-3 052	5 648
Depreciation for the year	1 506	1 112
Closing accumulated depreciation	371	1 917
Closing residual value according to plan	598	8 673
COMPUTERS		
Opening acquisition value	420	265
Purchases	23	155
Sales/disposals	-47	5 648
Closing accumulated acquisition value	396	420
Opening depreciation	163	31
Sales/disposals	-23	5 648
Depreciation for the year	136	132
Closing accumulated depreciation	276	163
Closing residual value according to plan	120	257

NOTE 6 INTEREST INCOME AND SIMILAR ITEMS

THE GROUP SEK (000)	2001	2000
Interest income	936	771
Exchange gains	662	—
Total	1 598	771

PARENT COMPANY SEK (000)

Interest income	416	1 591
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NOTE 7 INTEREST EXPENSES AND SIMILAR ITEMS

THE GROUP SEK (000)	2001	2000
Interest expenses	-4 784	-1 286
Result from disposal subsidiaries	-104	—
Total	-4 888	-1 286

PARENT COMPANY SEK (000)

Interest expenses	-2 361	-2 328
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NOTE 8 TAX ON PROFIT FOR THE YEAR

THE GROUP SEK (000)	2001	2000
Current tax	6 589	12 919
Deferred tax cost for temporary differences	434	2 960
Deferred tax income for temporary differences	-5 614	—
Total	1 409	15 879

PARENT COMPANY SEK (000)

	2001	2000
Current tax	3 336	9 314
Tax on Group contribution paid	1 887	13 447
Total	5 223	22 761

The difference between the Group's current tax rate and the effective tax rate consists of the following:

	2001
Current tax rate	28%
Tax effect on non-deductible expenses	106%
Tax effect on non-deductible income	-10%
Tax effect on deferred tax	-59%
Tax effect on disposal of subsidiaries	-83%
Tax effect on depreciation of goodwill	78%
Average effective tax rate	60%

Temporary differences apply in cases where assets or liabilities invoiced and taxable values are different. The Group's temporary differences have resulted in deferred tax liabilities and deferred income tax receivables for the following:

	2001
<i>Deferred tax liabilities</i>	
Untaxed reserves	19 227
Accured income shown in the Group	18 792
Group surplus value in buildings	851
Total	38 870

Deferred income taxes recoverable

Tax shortfall	5 015
Replacement of depreciation	3 098
Total	8 113

NOTE 9 FINANCIAL FIXED ASSETS

PARENT COMPANY SEK (000)	SUBSIDIARY	SHARE OWNERSHIP	VOTING RIGHTS	BOOK VALUE	CO. REG. NO.	REGISTERED OFFICE
SUBSIDIARY	Semcon Förvaltnings AB	100%	100%	26 080 630	556530-6403	Göteborg
	Semcon International AB	100%	100%	300 000	556534-4651	Göteborg
	Semcon Innovation AB	100%	100%	300 000	556581-8613	Göteborg
	Semcon Holding AB	100%	100%	18 364 545	556436-0831	Göteborg
	Total			45 045 175		
SUBSIDIARY						
Semcon Förvaltnings AB	Semcon Engineering AB	100%	100%		556213-1762	Göteborg
	Semcon Competence Development AB	100%	100%		556241-0638	Göteborg
	Semcon Industrial Management*	100%	100%		556535-2332	Göteborg
Semcon Engineering AB	Semcon Sweden AB	100%	100%		556555-8193	Göteborg
	Majority share in Zkillnet KB	1%	1%		969680-6789	Göteborg
Semcon Sweden AB	Semcon Extern Engineering AB	98%	98%		556369-6755	Göteborg
	Pharma Life Science Scandinavia AB	30%	30%		556606-0363	Göteborg
	Semcon Engineering East AB*	100%	100%		556559-0337	Göteborg
	Semcon IT- Consulting AB*	100%	100%		556581-8621	Göteborg
	Semcon Engineering South AB*	100%	100%		556204-1433	Karlskrona
Semcon Extern Engineering AB	Semcon IT- Solutions AB	100%	100%		556271-9129	Göteborg
Semcon IT Solutions AB	Semcon Projekt Management AB	100%	100%		556568-6408	Göteborg
Semcon Project Management AB	Semcon Informatic Production AB	100%	100%		556563-6692	Göteborg
Semcon International AB	Semcon Engineering UK Ltd	100%	100%		2 993 766	Grantham, GB
	Semcon Danmark A/S	100%	100%		25826906	Copenhagen, DK
	Knud E Hansen A/S	100%	100%		110 338	Copenhagen, DK
Semcon Innovation AB	Semcon TimelT AB	100%	100%		556581-8639	Göteborg
	AutoNet AB	100%	100%		556590-3118	Göteborg
	Zipper Aktiebolag	100%	100%		556583-0170	Göteborg
	Semcon Sports Technology AB	100%	100%		556542-5419	Göteborg
Semcon Holding AB	Pelmatic AB	100%	100%		556410-9832	Göteborg
Zipper Aktiebolag	Zipper Tech AB	51%	51%		556587-6579	Göteborg
	Zipper Systems AB	51%	51%		556566-0460	Göteborg
Zkillnet AB	Complementary share in Zkillnet KB	99%	99%		969680-6786	Göteborg
Semcon Informatic Production AB	Zooma by Semcon AB	40%	40%		556609-7845	Göteborg

THE GROUP

SHARES IN ASSOCIATED COMPANIES

Euromation AB	20%	—	11 401 109	556232-0134	Skövde
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* Merged January 2002

GROUP COMPANIES' ACTIVITIES

At the beginning of 2001 a reorganisation was carried out where the greater part of the Group's activities moved to Semcon Sweden AB. A short description follows of the operating companies. Other companies in the Group have no current activities.

Semcon AB is responsible for Group-wide issues such as strategy, information, marketing, accounting, finance and human resources. Semcon Sweden's activities provide consultancy services in industrial technology, analyses & testing, consultancy activities for IT and computers as well as selling hardware and software plus management consulting. The company has five subsidiaries.

Semcon Extern Engineering works mainly with consultancy activities in industrial technology. Pharma LifeScience Scandinavia AB works in the pharmaceutical sector. The three other subsidiaries,

Semcon Engineering East, Semcon IT Consulting AB and Semcon Engineering South AB merged to become Semcon Sweden AB in January 2002.

Semcon Informatic Production AB works with technical information. The company has a subsidiary, Zooma by Semcon, which works with commercial film and commercial websites. Semcon International AB is a parent company to the Group's subsidiaries. Knud E Hansen A/S is active in marine design. Semcon Denmark A/S works with consultancy activities in industrial technology. Semcon Engineering UK is active when Semcon works with projects in the UK.

Zipper AB and its subsidiary Zipper Tech AB and Zipper Systems AB are active in IT infrastructure and IT strategies.

A merger was carried out in January 2002 with Semcon Förvaltnings AB by the subsidiary Semcon Industrial Management AB.

NOTE 10 OTHER LONG-TERM RECEIVABLES

THE GROUP (SEK 000)	2001	2000
Deferred tax	8 113	—

NOTE 11 ACCURED NON-INVOICED INCOME

Accured non-invoiced income is shown in the annual accounts at an invoice value of SEK 63,292,000 for 2001, and SEK

67,948,000 for 2000 in line with the reprocessing. No value is shown in the subsidiaries for work in progress, but rather accounted for at the time of invoicing.

NOTE 12 OTHER RECEIVABLES

SEK 000	THE GROUP	PARENT COMPANY
Tax receivable of	10 383	10 650

NOTE 13 PREPAID EXPENSES AND ACCURED INCOME

THE GROUP (SEK 000)	2001	2000
Accrued income	1 686	2 897
Other items	20 036	13 200
Total	21 722	16 097

NOTE 14 CHANGES IN SHAREHOLDERS' EQUITY

THE GROUP (SEK 000)	SHARE CAPITAL	RESTRICTED RESERVES	UNRESTRICTED RESERVES
Opening balance	17 338	67 804	63 495
Effect of change to accounting principles	—	—	3 875
Opening shareholders' equity adjusted according to new principles	<u>17 338</u>	<u>67 804</u>	<u>67 370</u>
Options scheme	53	3 884	—
Allocation to statutory reserve	—	180	-180
Transfers between restricted and unrestricted reserves	—	1 013	-1 013
Dividends	—	—	-8 669
Exchange rate differences	—	—	-221
Profit for year	—	—	1 362
Closing balance	<u>17 391</u>	<u>72 881</u>	<u>58 649</u>
THE PARENT COMPANY			
Opening balance	17 338	19 588	55 278
Options scheme	53	3 884	—
Dividends	—	—	-8 669
Group contribution	—	—	-4 853
Profit for year	—	—	12 685
Closing balance	<u>17 391</u>	<u>23 472</u>	<u>54 441</u>

* A Group contribution of SEK 4,853,000 concerns a Group contribution paid of SEK 6,740,000 with a deduction of SEK 1,887,000 for the estimated tax effect.

NOTE 15 OTHER ALLOCATIONS

THE GROUP (SEK 000)	2001	2000
Disputes*	4 500	4 500
Additional purchase price**	25 000	—
Total	29 500	4 500

* Allocation for dispute in the US regarding subsidiary Knud E Hansen A/S

** Allocation for additional purchase price of the subsidiary Zipper Aktiebolag.

The additional purchase price will be calculated on 2001-2004's results. The allocations for the year are based on assumed earning trends. Future additional purchase prices can amount to a considerable sum.

NOTE 16 BANK OVERDRAFT FACILITY

The approved bank overdraft facility amounts to SEK 100,000,000 (45,000,000), of which SEK 44,054,000 (41,370,000) has been utilised.

NOTE 17 ACCURED EXPENSES AND DEFERRED INCOME

THE GROUP (SEK 000)	2001	2000
Staff-related costs	98 562	75 698
Prepaid income	26 903	—
Other items	22 783	18 975
Total accrued expenses and prepaid income	148 248	94 673

THE PARENT COMPANY (SEK 000)

Staff-related costs	964	852
Other items	244	314
Total accrued expenses and prepaid income	1 208	1 166

NOTE 18 INVESTMENTS IN SHARES IN SUBSIDIARIES

The company acquired Zipper Tech AB, Zipper Systems AB, Pharma Life Science Scandinavia AB, Zooma by Semcon AB and the additional purchase price for Zipper Aktiebolag, Semcon Project Management AB and Pelmatic AB in 2001. The value of assets and liabilities is in accordance with the following acquisition balance.

THE GROUP (SEK 000)

Intangible fixed assets	32 393
Machinery and equipment	33
Current receivables	366
Liquid assets	1 127
Current liabilities	-460
Deferred tax	-31
Minority interest	-539
Purchase price paid	32 889
Liquid assets in acquired company	-1 127 *
Affect on the Group of liquid funds	31 762 *

* Of which SEK 25,000,000 is an allocation to additional purchase price, see note 15.

Göteborg i February 2002

Christian W Jansson
Chairman of the Board

Pia Gideon

Annemarie Gardshol

Carl-Åke Jansson

Hans Johansson
Managing Director

Our audit was issued on 19 February 2002

Göran Ekström
Authorized Public Accountant
Ernst &Young AB

Björn Grundvall
Authorized Public Accountant
Ernst &Young AB

Auditor's Report

TO THE ANNUAL GENERAL MEETING OF SEMCON AB (PUBL) COMPANY REG. NO. 556539-9549

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the Managing Director of Semcon AB for the 2001 financial year. These accounts and the administration of the Company are the responsibility of the Board of Directors and the Managing Director. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts, and the administration, based on my our audit.

We conducted our audit in accordance with Generally Accepted Auditing Standards in Sweden. Those Standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the Managing Director as well as evaluating the overall presentation of infor-

mation in the annual accounts and consolidated accounts. We examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the liability, if any, to the Company by any Board Member or the Managing Director, or whether they have in any other way acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and, thereby, give a true and fair view of the company's and the Group's financial position and results of operations, in accordance with generally accepted accounting principles in Sweden.

We recommend to the general meeting of shareholders that the income statements and balance sheets of the parent company and the Group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Göteborg, 19 February 2002

Göran Ekström
Authorized Public Accountant

Björn Grundvall
Authorized Public Accountant

Customer: Ericsson Mobile Platforms AB

Assignment: Development of new platforms for the 3G mobile system

Semcon has worked with constructing and developing the 3G mobile system, also known as UMTS (Universal Mobile Telecommunication System). Semcon's work has involved real-time programming, systemisation, integration and project management of different software modules and objects. Semcon Embedded Design has eight consultants in-house at Ericsson in Lund, Sweden.

Customer: Capod Systems AB

Assignment: New design of the Freescan hand held scanner

Freescan is used in healthcare to scan bodies to create prostheses for patients. Semcon gave Freescan a cleaner, more high-tech appearance, suitable for hospital environments. The result was a new, more futuristic design. The work involved consultants from Semcon's product development and design departments. The cooperation was so successful that Semcon and Capod are holding talks about developing new products together.

The board of Directors

Carl-Åke Jansson

Born 1943. Board member since 1987. Managing Director of Lindås Invest AB. Chairman of Precision Products Ltd. and P.E.S Ltd., both in Chesterfield, UK. Board member of FingerPrintCard AB (publ.). Shareholding, own and affiliated: 50,000 shares.

Hans Johansson

Born 1955. Chief Executive and Managing Director of Semcon AB. Employed since 1983. Shareholding, own and affiliated: 453,600 shares plus 4,000 warrants.

Annemarie Gardshol

Born 1967. Board member since 2001. Responsible for global strategic development at Gambro. Shareholding, own and affiliated: 300 shares.

Christian W Jansson

Born 1949. Chairman of the Board since 2000. Chairman of the Boards of Föreningsparbanken Sjuhärad AB, Balton AB, Global Act AB and Hanssons Fyverkeri AB. Board member of Carmel Pharma AB, Bibliotekstjänst AB. Shareholding, own and affiliated: 13,000 shares.

Birgitte Wallenberg

Born 1965. Consultant at Semcon e-design. Employed since 2000. Shareholding, own and affiliated: 200 warrants.

Anita Veines

Born 1969. Consultant at Semcon Informatic Design. Employed since 2000.

Senior Management

Mikael Isberg

Born 1953. Consultant at Semcon Industrial Design
Employed since 1989.
Shareholding, own and affiliated: 250 shares.

Pia Gideon

Born 1954. Board member since 2000. Corporate Communications, the Ericsson Group.
Shareholding, own and affiliated: 200 shares.



Hans Johansson

Born 1955. Chief Executive and Managing Director of Semcon AB.
Employed since 1983. Shareholding, own and affiliated: 453,600 shares plus 4,000 warrants



Bengt Nilsson

Born 1957. Chief Finance Officer of Semcon AB.
Employed since 1992. Shareholding, own and affiliated: 129,000 shares plus 600 warrants.



Caroline Krensler

Born 1967. Investor relations, business development Semcon AB.
Employed since 1995. Shareholding, own and affiliated: 6,500 shares plus 2,000 warrants.



Mikael Gustavsson

Born 1963. MD Semcon Sweden West AB. Employed since 1996.
Shareholding, own and affiliated: 1,500 shares plus 1,000 warrants.



Mats Lindelöf

Born 1958. MD Semcon Engineering East AB.
Employed since 1990. Shareholding, own and affiliated: 10,000 shares



Jonas Arvidsson

Born 1964. MD Semcon Sweden South AB. Employed since 2000.



Lars-Inge Sjöquist

Born 1958. MD Semcon Informatic AB.
Employed since 1995. Shareholding, own and affiliated: 11,000 shares plus 4,200 warrants.



Mats Franzén

Born 1959. MD Semcon Sweden AB, IT Solutions. Employed since 1995.
Shareholding, own and affiliated: 6,000 shares plus 4,500 warrants.



Lennard Lat

Born 1962. MD Semcon DK A/S. Employed since 2001.



Johan de Verdier

Born 1961. MD Zipper by Semcon
Employed since 2001.

AUDITORS

Göran Ekström

Born 1943. Authorized Public Accountant, Ernst & Young AB.

Björn Grundvall

Born 1955. Authorized Public Accountant, Ernst & Young AB.

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The Annual General Meeting

The Annual General Meeting of Semcon AB (publ) will be held on Monday 18 March 2002 at 6 p.m. in Semcon's HQ at Vasagatan 45, 4th floor. The premises will be open for registration from 5 p.m. Registration must have been carried out by 6 p.m. for shareholders to be included on the voting list.

PARTICIPATION

Shareholders wishing to take part in the AGM should:

- be registered in the Shareholders' Register held by VPC AB (the Swedish Central Securities Depository) by Friday 8 March 2002, at the latest.
- have notified the company of their intention to attend by 4 p.m. Thursday 14 March 2002 at the latest.

NOTIFICATION OF ATTENDANCE

Notification of attending the meeting can be made by post to: Semcon AB, Box 14262, 400 20 Göteborg, by fax to: +46 31 335 82 33, by telephone to: +46 31 721 09 31, or by e-mail to: elisabeth.batelson@semcon.se no later than 4 p.m. Thursday 14 March 2002. Notification should include name, address and telephone number, as well

as civic identity number or corporate registration number and any proxy details if relevant.

NOMINEE SHAREHOLDERS

Shareholders who have their shares registered with a nominee must temporarily re-register their shares in their own name with VPC to have the right to apply to attend the meeting. Shareholders wishing to re-register their shareholding should inform their nominee in good time before Friday 8 March 2000.

DIVIDENDS

The Board of Semcon AB will propose to shareholders that no dividends be issued. Dividends for 2000 were SEK 0.50 per share.

IMPORTANT DATES

Annual General Meeting	18 March 2002
Q1 report	24 April 2002
Q2 (half-year) report	21 August 2002
Q3 report	23 October 2002

semcon

www.semcon.se