

Stockholm 24 October 2002

Interim report January - September 2002

- Net sales in Q3 amounted to SEK 24.2 million (SEK 49.3 m) and during the period to SEK 104.3 million (SEK 111.3 m).
- Loss prior to goodwill amortisation in Q3 was SEK –21.3 million (profit SEK 0.9 m) and for the period SEK –38.8 million (SEK –25.4 m). Net loss Q3 SEK –25.4 million (profit SEK 0.9 m) and the period SEK –45.6 million (SEK –25.3 m).
- Trio implements action programme to reduce costs by SEK 25 million on an annual basis. The action programme impacts the Q3 result by SEK 8 million and involves the product areas Trio PresentOffice and Objecta TeleVoice.
- Mobile operators are an increasingly important customer group. Telia Mobile, Telenor Mobile and Vodafone launch mobile office solutions based on Trio Mobile Office during 2002.
- The present action programme will lower the level for break even on group level to approximately SEK 150 million in net sales during 2003.

SEK million	Q3 2002	Q3 2001	9 months 2002	9 months 2001	Full year 2001
Inflow of orders	28	20	105	115	157
Net sales	24.2	49.3	104.3	111.3	165.2
Profit/loss prior to goodwill amortisation*	–21.3	0.9	–38.8	–25.4	–24.6
Profit/loss for the period	–25.4	0.9	–45.6	–25.3	–25.0

* Restructuring cost of SEK 8 million impacts Q3 loss.

The operations

Trio is a telecommunications company that develops call-handling systems for companies, enabling them to improve both internal efficiency and customer service levels. Almost 2,000 systems have been delivered in the Nordic region, mainly to large and medium-sized companies. Trio's customers include five of the leading Nordic mobile operators. Trio operates in the following product areas:

Trio Mobile Office enables a complete transition from fixed to mobile telephony. The solution is subscribed to as a service from mobile operators and can also be included as a component in Trio's integrated telephony.

Trio PresentOffice offers integrated telephony and advanced call and message handling. Integrated telephony involves unifying companies' fixed, mobile and IP telephony to form a single virtual telephony system.

Objecta TeleVoice offers solutions for customer support. These include flexible contact and call centre solutions, as well as interactive voice response systems such as telephone banking and speech recognition.

Sales and profit trend

The Trio Group's net sales in Q3 came to SEK 24.2 million (SEK 49.3 m). Net sales during the period amounted to SEK 104.3 million (SEK 111.3 m). The decreased turnover relates to declining sales within the product areas Trio PresentOffice and Objecta TeleVoice in the Swedish market.

Mobile operators account for around half of the Group's net sales during January - September. A large percentage of major deals with mobile operators do, however, entail greater variation on a quarterly basis both in terms of order inflow and profit trend. For the full year 2002, Trio expects to record higher order inflow and net sales within the product area Trio Mobile Office, compared to 2001, despite a weak market climate.

Trio recorded a loss in Q3 of SEK -25.4 million (profit SEK 0.9 m) and a loss for nine months to SEK -45.6 million (SEK -25.3 m). The present action programme impacts Q3 loss by SEK 8 million. An amount of SEK 5.2 million was charged to Trio's nine-month loss due to its participation in the loss of its associated company, Netwise.

Trio Mobile Office reported net sales in Q3 of SEK 8.3 million (SEK 25.2 m) as well as an operating loss prior to goodwill of SEK -6.1 million (profit SEK 7.7 m). Trio PresentOffice totalled net sales during Q3 of SEK 12.2 million (SEK 16.1 m) and operating loss prior to goodwill of SEK -5.1 million (SEK -7.0 m). Objecta TeleVoice net sales during the same period amounted to SEK 3.7 million (SEK 7.9 m) and loss prior to goodwill of SEK -2.1 million (SEK 0.1 m).

During Q3, development and sales of Trio Network Attendant have been transferred from Trio PresentOffice to Trio Mobile Office. This operation has had a turnover of SEK 11.7 million during the year's first nine months. As a consequence of this, net sales and profit pro forma is accounted for in the product areas Trio Mobile Office and Trio PresentOffice in 2001.

Trio Mobile Office leading system for mobile offices in the Nordic Countries

Mobile operators in the Nordic countries that offer services based on Trio Mobile Office are Telia Mobile, Telenor Mobil, Sonera, TDC Mobil and Vodafone. Trio Mobile Office and parts of Trio's integration solutions are installed in the mobile net and are sold as services to the operators' corporate customers.

Telenor Mobil. After the end of the period, Trio has signed an order of SEK 5.7 million with Telenor Mobil regarding the expansion of the operator's mobile office solution ProffNett. In total, the order is worth SEK 34 million during 2002. The expansion work is necessary to meet the influx of corporate customers.

Telia Mobile has during Q3 carried out a wide launch of its mobile office solution called Mobile Switcher. It is based on Trio Mobile Office and is designed to companies that will now be able to fully replace their fixed telephony system with mobile telephony.

Vodafone. During Q3, Trio signed an order of SEK 5 million with Vodafone in Sweden for its Wireless Office service. The order means that the Vodafone service will be supplemented with Trio Network Attendant that offers a top-quality attendant workplace, call redirection and switch functionality. This will also allow companies with 50-500 employees to change over to using mobile telephony only.

Trio Network Attendant is a cornerstone of Trio's most advanced mobile office for mobile operators and is expected to account for a significant part of net sales within the product area in the future. Trio Network Attendant is built on Trio PresentOffice, the Nordic countries' leading systems for integration of fixed, mobile and IP telephony in corporate environments. The main difference is that Trio Mobile Office is installed in the operators' net, while Trio PresentOffice usually is installed as a supplement to a company switch.

Action programme strengthens Trio PresentOffice and Objecta TeleVoice

To adjust the business to the current market climate, Trio implemented an action programme during Q3 that reduces the costs by SEK 25 million on an annual basis. The programme will have a gradual effect from the fourth quarter of the year with full impact from 1 January 2003. The action programme reduces the number of staff in the Group by 20 employees.

The underlying reason for the action programme is mainly that the Swedish market for telephone systems based on traditional company switches has continued to decline. The actions decided by Trio involve first and foremost the product areas Trio PresentOffice och Objecta TeleVoice.

During Q3, Trio PresentOffice and Objecta TeleVoice have been integrated in a common organization. The purpose is to reduce the costs, yet also to increase the revenue synergies in the Group.

During the quarter, Trio PresentOffice 3.1 Mobile Edition was launched. The system enables mobile phones to be handled as fixed telephones in companies' existing switch based telephony. The system is offered to both new customers and as an upgrade to Trio's existing customer base among large and medium-sized companies in the Nordic countries.

Additionally, the sales organization within Trio PresentOffice has been refined to support partner sales. During the fall, Trio intends to strengthen its partner net in the Nordic countries.

Personnel and senior executives

The number of employees within the Group at the end of the period was 109 (111) people.

Information regarding benefits to senior executives: The Chairman of the board and the board members have not obtained remuneration exceeding the board fee decided by the general meeting of shareholders. The president has received salary and benefits amounting to SEK 1.1 million. Additionally, the company has paid SEK 0.2 million in pension premiums. For the other three senior executives: salaries and benefits amounting to SEK 2.4 million have been paid.

Investments

Investments in equipment and computers during Q1 came to SEK 0.4 million (SEK 0.4 m). Depreciation according to plan including goodwill totalled SEK 1.3 million (SEK 1.3 m).

Financial position and liquidity

Liquid assets on 30 September 2002 amounted to SEK 39.6 million (SEK 69.7 m). The Group's shareholders' equity on 30 September 2002 came to SEK 71.2 million (SEK 102.9 m) while the equity/assets ratio was 64 (69) per cent.

Outlook for 2002 and 2003

Based on the order inflow, Trio expects a significantly increased turnover in Q4 compared to Q3, as well as the actions of the restructuring program will give effect. The former projections regarding a continued organic growth and a break-even result prior to goodwill amortisation for the full year 2002 will not be reached as a result of a decline in sales within the product areas Trio PresentOffice and Objecta TeleVoice.

The present action programme will lower the level for break-even on group level to approximately SEK 150 million in net sales during 2003.

A continued growth during 2002 and an increased growth in 2003 are expected within the product area Trio Mobile Office. This growth comes partly from new sales, and partly from higher licensing revenues from Trio's operator customers in the Nordic market as the latter start to reap the rewards from the successes of their mobile office solutions based on Trio Mobile Office. This also means that licensing revenues are expected to account for a growing share of total income within this product area.

In order to develop Trio's growth primarily in the mobile operator market, the company evaluates different alternatives to strengthen its capital status.

Dates for future financial information

The preliminary year-end report will be published on 13 February 2003.

Stockholm 24 October 2002
Trio AB (publ)

The Board of Directors

For more information please contact, Sverker Hannervall, CEO, phone no +46 8 457 30 05 or Christian H. Thommessen, Chairman of the Board phone no +47 91 888 000.

The company's auditors have not subjected this report to a special review.

Consolidated Income Statement and Balance Sheet (SEK m)

<i>Income Statement</i>	2002 3Q	2001 3Q	2002 9 months	2001 9 months	2001 Full Year
Net sales	24.2	49.3	104.3	111.3	165.2
Cost of products sold	-10.9	-20.0	-52.4	-48.1	-67.0
Gross Profit	13.3	29.3	51.9	63.2	98.2
Selling expenses	-12.8	-13.3	-43.2	-41.6	-61.6
Administrative expenses	-6.8	-6.5	-24.3	-23.5	-31.5
Development cost	-7.2	-8.6	-22.1	-28.9	-34.3
Other operation income	0.2	–	1.1	–	0.1
Items affecting comparability	-8.0	–	-2.2	5.4	4.5
Operating loss prior to goodwill amort.	-21.3	0.9	-38.8	-25.4	-24.6
Goodwill depreciation	-0.8	-0.7	-2.4	-2.2	-3.0
Operating loss after goodwill amort.	-22.1	0.2	-41.2	-27.6	-27.6
Result from associated companies	-3.2	–	-5.2	–	–
Financial income	0.1	0.8	1.1	2.7	3.1
Financial expenses	-0.2	-0.1	-0.5	-0.4	-0.5
Loss after financial items	-25.4	0.9	-45.8	-25.3	-25.0
Tax	–	–	0.2	–	–
Loss for the period	-25.4	0.9	-45.6	-25.3	-25.0

Key ratios (SEK)

	2002 3Q	2001 3Q	2002 9 months	2001 9 months	2001 Full year
Profit/Loss per share prior to goodwill amort.	-0.33	0.02	-0.62	-0.43	-0.42
Net profit/loss per share before dilution	-0.40	0.02	-0.73	-0.43	-0.42
Net profit/loss per share following dilution	-0.35	0.01	-0.65	-0.38	-0.38
Shareholders' equity per share	1.11	1.74	1.11	1.73	1.76
Equity/assets ratio, %	64	69	64	69	68
Number of shares at the end of the period (thousands)	64,083	59,065	64,083	59,065	59,065
Average number of outstanding shares (thousands)	64,083	59,065	62,411	59,065	59,065
Average number of outstanding shares following dilution (thousands)	72,083	67,065	70,411	65,976	66,088
Holding of the company's own shares	–	–	–	–	–

The calculation of the number of outstanding shares and the net profit/loss per share has been performed taking into account the outstanding warrants programme as well as the new share issues carried out during the year, in accordance with SFF's recommendation.

Comments on the income statement

The same accounting principles and calculation methods have been used as in the last annual report, except where new recommendations have come into force that the company has not previously elected to apply in advance. These are RR 13, Associated Companies, RR 21, Loan Costs and RR 23, Information about close relatives.

These adopted recommendations have had no impact on the company's profit/loss or position in comparison with the principles previously applied.

Trio implements successive income recognition for larger projects. This means that income recognition is carried out gradually during the projects' duration in relation to the degree of their completion.

The cost for products sold includes material and product costs totalling SEK 4.5 million (SEK 10.1 m) as well as costs for product maintenance staff, installation staff, support staff and training staff amounting to SEK 6.4 million (SEK 10.0 m).

Items affecting comparability include sales of immaterial rights totalling SEK 5.8 million and restructuring expenses totalling SEK 8.0 million.

Costs for premises and internal systems have been distributed according to the utilisation of the function in question. Depreciation of tangible fixed assets totalled SEK 0.5 million (SEK 0.6 m) and has also been distributed according to the utilisation of the respective function.

The loss from participations in associated companies relates to amortisation of goodwill and the share of associated company's result. The acquisition of Netwise shares took place in Q1, and the profit/loss from this associated company is reported with a time lag of one quarter.

Income Statement, breakdown by business area (SEK m)

	2002 3Q) Pro forma	2001 3Q Pro forma	2002 9 months Pro forma	2001 9 months Pro forma	2001 Full year Pro forma
<i>Trio PresentOffice</i>					
Net sales	12.2	16.1	40.8	54.4	80.2
Operating loss prior to goodwill	-5.1	-7.0	-16.7	-20.7	-18.7
<i>Trio Mobile Office</i>					
Net sales	8.3	25.2	48.8	36.4	58.7
Operating profit/loss prior to goodwill	-6.1	7.7	-5.9	0.2	1.8
<i>Objecta TeleVoice</i>					
Net sales	3.7	7.9	14.7	20.1	26.3
Operating profit/loss prior to goodwill	-2.1	0.1	-8.2	-4.2	-5.7

*) Operating loss prior to goodwill excluding restructuring expenses SEK 8 million.

During Q3, development and sales of Trio Network Attendant have been transferred from Trio PresentOffice to Trio Mobile Office. As a consequence of this, net sales and profit pro forma is accounted for in the product areas Trio Mobile Office and Trio PresentOffice in 2001 as well as for nine months 2002. Following changes in operating profit/loss prior to goodwill have been recorded compared to previous reports:

Trio PresentOffice

Change in Operating loss prior to goodwill	-2.2	-2.4	-1.0	-2.3
--	------	------	------	------

Trio Mobile Office

Change in Operating profit/loss prior to goodwill	2.2	2.4	1.0	2.3
---	-----	-----	-----	-----

Balance sheet (SEK m)	2002-09-30	2001-09-30	2001-12-31
Intangible fixed assets	16.5	19.5	18.6
Tangible fixed assets	3.3	4.3	4.3
Financial assets	13.4	3.9	2.5
Other current assets	37.7	52.5	66.2
Cash and bank	39.6	69.7	61.7
Total assets	110.5	149.9	153.3
Shareholders' equity	71.2	102.9	103.7
Provisions	0.1	0.1	0.1
Interest-bearing liabilities	0.6	1.8	1.2
Non interest-bearing liabilities	38.6	45.1	48.3
Total Shareholders' equity and liabilities	110.5	149.9	153.3

Cash flow statement (SEK m)	2002 3Q	2001 3Q	2002 9 months	2001 9 months	2000 Full year
Current operations prior to change in working capital	-21.0	1.0	-47.9	-41.0	-24.1
Change in working capital	18.1	-29.5	18.3	-25.5	-35.3
Investment operations	-0.5	-0.5	7.0	19.8	4.6
Financing operations	-	-	0.5	-15.2	-15.1
Cash flow for the period	-3.4	-29.0	-22.1	-61.9	-69.9
Liquid assets at the beginning of period	43.0	98.7	61.7	131.6	131.6
Liquid assets at the end of period	39.6	69.7	39.6	69.7	61.7

Changes in shareholders' equity (SEK m)

	2002 3Q	2001 3Q	2002 9 months	2001 9 months	2001 Full year
Shareholders' equity at the beginning of the period	96.5	102.1	103.7	127.5	127.6
New share issue	-	-	12.5	-	-
Option subscription	-	-	-	-	0.6
Translation differences, etc	0.1	-0.1	0.5	0.8	0.5
Profit/Loss for the period	-25.4	0.9	-45.5	-25.4	-25.0
Shareholders' equity at the end of the period	71.2	102.9	71.2	102.9	103.7