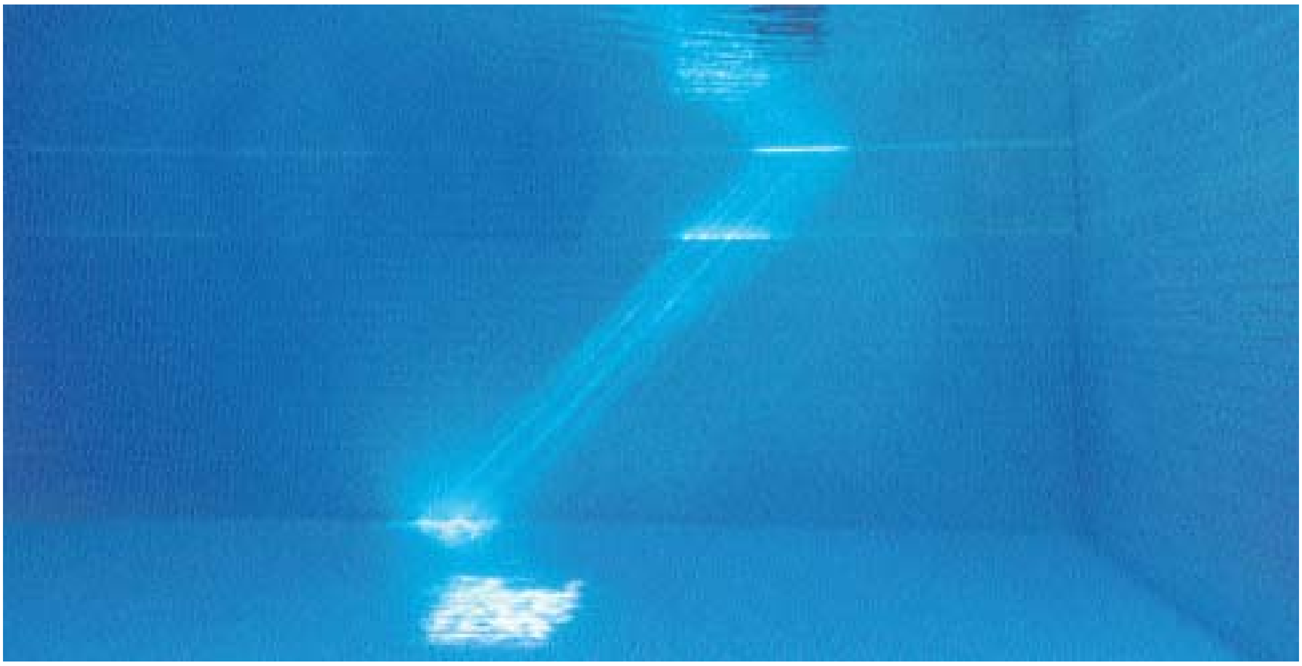
Annual Report 2002

TRIO



Many thanks to the members of the Neptun and Hellas water-polo teams who provided a creative and cost-efficient graphic solution. Photo: Labe Alwin.

This is Trio

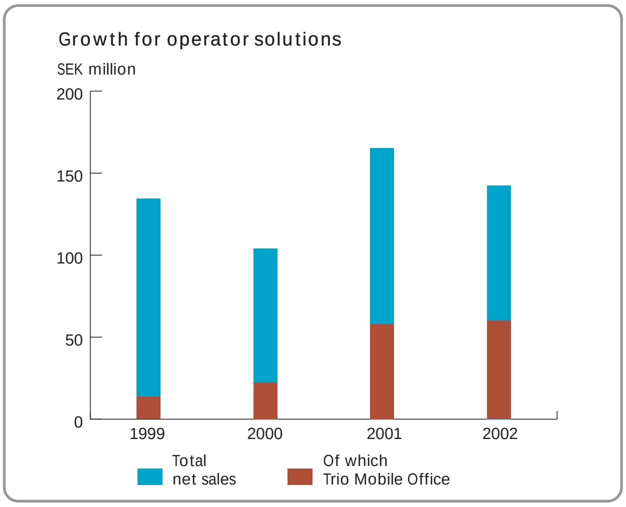
Trio develops corporate telephony systems designed to enhance internal efficiency, raise customer service levels and ensure control over telephony costs. Trio's unique position in integrated telephony allows companies to combine their existing switches with mobile and IP telephony to form a single telephony system with a shared attendant workplace.

Some 2,000 systems have been delivered to large and medium-sized companies in the Nordic region, as well as to mobile operators such as Telenor Mobil, Telia, Vodafone Sweden, Sonera and TDC Mobil. Trio's operations focus on the following product areas:

Trio Mobile Office enables a complete transition from fixed to mobile telephony and can also offer integrated telephony. The customers are mobile operators who install the products in their networks, enabling them to offer companies switch, attendant and integration services on a subscription basis.

Trio PresentOffice offers integrated telephony and advanced call and message handling. The customers are companies and organisations with their own switchboards. Trio PresentOffice can also be used by large companies with offices in several regions or countries to link up their telephony systems.

Objecta TeleVoice offers customer service systems that include flexible contact and call centres, as well as interactive voice response systems, such as telephone-banking and speech recognition. Objecta TeleVoice integrates incoming calls with e-mail, voice messages, web and fax to ensure efficient handling and communication for businesses and their customers.



Trio's operator solutions account for a growing share of Trio's net sales.

The year in brief

Breakthrough for Trio Mobile Office. During 2002, Trio was able to consolidate its position as a leading supplier of mobile telephony and switch solutions, in spite of the profound crisis experienced by the telecoms industry. Five mobile operators in the Nordic region launched services based on Trio Mobile Office.

Telenor Mobil was the most active, rapidly expanding its ProffNett service during the year. Because of its 300 per cent capacity expansion, the total value of Telenor Mobil orders came to SEK 34 million in 2002. At the end of 2002, Telenor took yet another step by offering integrated mobile and fixed telephony. This integration involves combining Trio Mobicentrex with Trio PresentOffice, which is installed on-site at the premises of corporate customers.

During the autumn, Telia held an extensive launch of its mobile switch and attendant service, Mobile Switcher, which is also based on Trio Mobile Office. In Q3, Vodafone Sweden signed an order for Trio Network Attendant. This will allow Vodafone to launch a sophisticated attendant workplace during 2003 as part of its service known as The Wireless Office.

Product launches. Last year saw Trio launch Trio Network Attendant, a highly sophisticated attendant workstation for mobile telephony that is part of the Trio Mobile Office product area. Trio PresentOffice 3.1 Mobile Edition for integrated telephony enables switchboard attendants to handle mobile phones like fixed telephones, while the TeleVoice Agent 4.0 call and contact centre solution handles telephony, call-back, fax, e-mail and the web in a unified way.

Net sales and financial result. The Group's net sales totalled SEK 142.6 million (SEK 165.2 m), while the loss before goodwill amortisation came to SEK –40.7 million (– SEK 24.6 m). The net loss came to SEK –48.7 million (– SEK 25.0 m)

Action programme. In order to adapt the company's operations to the prevailing market climate, Trio initiated an action programme during the autumn that cut costs by a total of SEK 25 million on an annual basis. The programme lowered the break-even level for 2003 to around SEK 150 million in net sales.

Key events since the end of the year

In January, Trio signed an agreement with FöreningsSparbanken worth approximately SEK 3 million. The order involves increasing the capacity of the "Bank via Telefon" tele-banking service. In March, Telenor Mobil continued its expansion of ProffNett by placing a supplementary order worth SEK 2.3 million.

During Q1, the Board of Directors took measures to adapt the company's operations to the prevailing market climate with a view to reporting a positive financial result and cash flow. The Q1 restructuring measures have helped to cut costs by SEK 20 million on a full-year basis.

The break-even level has been lowered from SEK 150 million to SEK 125 million on an annual basis.

Outlook for 2003

In the Trio Mobile Office product area, the interest shown by mobile operators in Trio's solutions has increased. Purchasing behaviour has, however, featured a considerable degree of caution, as well as much longer purchasing processes than before. The launch of Trio Network Attendant in the autumn of 2002 will play a key role this year. At the same time, Trio is expecting higher licensing revenues now that Trio's mobile operator customers are attracting a growing number of end-customers with their Trio Mobile Office-based services.

Some growth is also expected within the Trio PresentOffice and Objecta TeleVoice product areas, mainly as a result of the launch of PresentOffice 3.1 Mobile Edition. This system enables companies to handle mobile phones just like fixed phones within their existing switch-based telephony. The system has generated considerable interest, particularly among Trio's existing corporate customers in the Nordic region.

Upcoming financial information

The Annual Report will be available from the company's office on 9 April. It can also be ordered through the company web site, www.trio.com, or by e-mailing info@trio.com.
The Annual General Meeting will be held at 2 p.m. on 24 April at Operaterrassen, Karl XII:s torg, in Stockholm.
The Q1 Interim Report will be published on 24 April.
The Q2 Interim Report will be published on 24 July.
The Q3 Interim Report will be published on 23 October.

Contents

Comments from the President

In the midst of the deepest crisis ever experienced by the modern global telecoms industry, Trio has managed to start a snowball rolling. This snowball is expected to grow during the year on the back of orders received in 2001 and 2002.

Trio has also succeeded in establishing itself as the leading supplier of mobile office systems to mobile operators in the Nordic region. Five operators in the world's most mobile-intensive region have now bought Trio systems and have launched – or are in the process of launching – services based on these systems to their corporate customers.

Initial sales covered pure mobile office solutions, i.e. systems that enable the operators' own corporate customers to make a full transition from fixed to mobile telephony. This solution has so far mainly attracted smaller companies that are able to replace their switches and fixed telephones. All they need is one attendant workstation and mobile phones for all their employees.

Since the autumn, however, our Trio Mobile Office product area has been offering a sophisticated attendant workstation designed for use by larger companies – Trio Network Attendant.

During the autumn of 2002, Trio took the next major step by launching the sale of integration solutions, i.e. systems that allow businesses to integrate their existing switches with mobile and IP telephony to form a single telephony system with a shared attendant workplace. Telenor Mobil is the first mobile operator to sell integration solutions based on a combination of Trio Mobile Office and Trio PresentOffice.

The successes we enjoyed among Nordic mobile operators in 2002 resulted in a certain amount of growth for the Trio Mobile Office product area, in spite of the difficult market climate. Bearing in mind the influx of new subscribers, particularly in Norway, where the launch of Trio's systems has been most successful, we anticipate continued healthy growth in this product area in 2003. Trio's systems have demonstrated their ability to enhance both freedom of movement and reachability at companies, improve customer service, boost internal efficiency and increase control over telephony costs.

Existing customers are expected to account for a sizeable share of revenues in 2003 in this product area. The income model for operators' sales is based primarily on license sales. As businesses increasingly switch to mobile telephony or integrate their fixed and mobile telephony via an operator service, this will generate income for Trio.

We also expect to be adding new operators to our list of customers during the year, in spite of the problems currently facing many operators. Trio Mobile Office products satisfy the growing needs of our customers, they are relatively cheap compared with the equipment supplied by major telecoms providers, and they are quick to generate cash flow. Last, but perhaps most importantly, they enhance the competitiveness of mobile operators in their struggle to gain an edge both on each other and on fixed telephony.

BUSINESS CONCEPT

Trio's business concept is to enhance the efficiency of interpersonal communication by combining computer technology and telephony.

OVERALL GOALS

- Trio plans to secure a market-leading position in the field of integrated and platform-independent business telephony, which helps companies and organisations to increase their control over their mobile telephony costs, enhance internal efficiency and strengthen customer relationships.
- Trio intends to offer the best investment calculations and functionality in its market niches.
- Trio plans to strengthen the position of its brand among companies and organisations, mobile operators and service providers.
- Trio plans to sign Trio Mobile Office orders with at least two mobile operator customers outside the Nordic region.
- Trio will generate strong and sustainable growth through collaborations and partnerships, as well as via the company's own sales organisation.

The telecoms crisis had an even more profound impact on sales in the Trio PresentOffice and Objecta TeleVoice product areas, particularly in Sweden. We are expecting increased sales even in these areas, with integration as the main catalyst and Trio PresentOffice 3.1 Mobile Edition, which was launched in the autumn of 2002, as the principal tool. This solution enables the integration of mobile and IP telephones within the fixed telephony framework.

Two action programmes designed to adapt the company to the prevailing economic climate have also lowered the break-even level to SEK 125 million on an annual basis. These programmes were implemented with a view to reporting a clear profit and positive cash flow during the year.

The restructuring programme is dynamic in the sense that it increases the synergy effects between the various product areas. The prime example here is Trio Network Attendant. This system can be described as a variant of Trio's tried and tested Trio PresentOffice systems and this year will also see the launch of more products based on collaboration between Trio's product areas.

Another synergy effect is the integration of our TeleVoice Agent call and contact centre with Trio PresentOffice, which will enable us to offer a more far-reaching solution.

With regard to Trio's associated company, Netwise, we remain firmly convinced that it makes sound logical and industrial sense to merge Trio PresentOffice with Netwise, since both companies sell partially overlapping solutions. The right preconditions for such a merger do not, however, currently exist.

The mobile phone is today the main business communication tool and its importance will continue to grow as time-to-market requirements and the demand for top service levels increase in both private and public sectors. Mobile phones give people the freedom to be reachable anywhere, any time, whenever it suits them. But development is being held back by a lack of integration with existing telephony systems and by telephony costs that are spiralling out of control. Luckily, these are precisely the problems that Trio can help businesses to solve.

Sverker Hannervall

STRATEGY

Trio has formulated the following strategies with a view to attaining the above goals:

Development

- Trio's development efforts are based on a fundamental understanding of the fact that human speech is the most effective information carrier when it comes to interpersonal communication. Trio develops software for efficient call handling that integrates fixed, mobile and IP telephony with e-mail, SMS, fax and all future electronic communication forms.
- Development is based on platform-independent, open standards. This allows the company's systems to be integrated with the switches and network equipment of a large number of suppliers, as well as with various databases, web solutions and other information technology.

Sales

Trio's end-customers are companies and organisations that are reached via the following channels:

- Mobile operators and service providers. Trio Mobile Office is sold via mobile operators in the form of services to which customers subscribe. Trio Network Attendant is sold in the same way via both mobile operators and service providers.
- Retailers. Trio PresentOffice is sold to companies and organisations through Trio's retailers. These include telecoms operators, systems integrators and switch suppliers both inside and outside the Nordic region.
- Direct sales. Objecta TeleVoice solutions for customer service systems are normally sold directly to companies and organisations. Complex solutions including systems that are part of two or three of Trio's business areas are sold by the company's own sales organisation.

The market

Mobile telephony opens up a new market

Mobile telephony has reached a very high level of penetration in many markets and has been a self-evident choice for the majority of businesses and organisations. It enhances reachability and makes life simpler for employees who are out and about. The disadvantages, however, are sharply rising telephony costs and the loss of the attendant support that employees have been accustomed to from their fixed telephony. This means that they lose much of the extremely high functionality involved in call and message handling.

Trio offers systems that help to solve these problems, including both mobile switches that allow fixed telephony to be completely replaced by mobile phones, and systems for integrating mobile and fixed telephony. Trio's solutions also allow businesses to gain a firm grasp of their mobile telephony costs. In addition, mobile phones can be handled by a shared attendant workplace in the same way as fixed extensions, allowing employees to be reachable at all times just as if they were sitting at their desks, even when they're out and about.

Trio's solutions also enable the integration of IP telephony with fixed and mobile telephony, thereby offering companies a wealth of possibilities. They can either retain their fixed telephony and integrate mobile telephones and IP telephones to form a single virtual telephony system with a shared attendant workplace, or they can abandon fixed telephony altogether while still having access to top-level attendant and switch functionality. The transition can also be made either rapidly or gradually.

Ever since 1999, Trio has offered mobile operators its Trio Mobicentrex solution. This is part of the Trio Mobile Office product family. Trio Mobicentrex is a mobile switch solution for operators' corporate customers who are keen to make a full transition from fixed to mobile telephony. As of 2003, Trio also offers an advanced mobile attendant solution known as Trio Network Attendant, as well as a mobile integration solution. This is based on linking Trio Mobicentrex in the operator's network with Trio PresentOffice at the customer's premises.

In addition, Trio launched an integration solution known as Trio PresentOffice 3.1 Mobile Edition in 2002. This is installed on-site at the customer‘s premises and integrates mobile phones with existing company switches without needing to be installed in the mobile operator's premises. The solution is sold via Trio's retailers.

The influx of subscribers to the operators' mobile telephony and switch solutions during 2002 is confirmation of the fact that Trio Mobile Office genuinely satisfies a growing need. The operator that has made most progress in launching services based on Trio Mobile Office is Telenor Mobil, which rapidly expanded its ProffNett service during the year.

The newly launched ProffNett Total service also provides confirmation of the fact that there is a market for integrated telephony. It is based on the above-mentioned combination of Trio Mobicentrex in the operator's network with Trio PresentOffice on the customer's premises. Considerable interest has been shown in this integration service, particularly by major Norwegian companies.

In the Swedish market, Trio is anticipating a positive trend for Trio Mobile Office in 2003 based on orders signed in 2002. Telia launched its Mobile Switcher service in the autumn, which is based on Trio Network Attendant and Trio Mobicentrex and Vodafone Sweden will be launching services based on Trio Network Attendant during 2003.

A positive trend is also expected this year in the Trio PresentOffice product area on the back of the launch of Trio PresentOffice 3.1 Mobile Edition mentioned above. The system already offers a sophisticated attendant workplace, advanced call forwarding, message handling, etc. The new feature is the integration with mobile telephony, which has aroused considerable interest among existing and new customers alike. In 2002, four pilot orders were signed and in Q1 2003, the first major order was concluded.

Driving forces in the mobile market

Trio Mobile Office, which includes Trio Mobicentrex and Trio Network Attendant, among others, is offered by mobile operators to companies and organisations as a subscription service. This means that trends in the mobile operator market have a key impact on Trio's sales within this product area.

In general, the mobile operator market is characterised by excessive investments, massive depreciation and amortisation figures and weak balance sheets. But while these factors certainly contribute to slowing down the investment rate, Trio's experience during the current recession has shown that there are four driving forces that are at least as crucial to sales in the Trio Mobile Office product area.

These driving forces may be summarised as follows:

1. Stagnating markets generate added sales. Growth in mobile subscriptions has fallen sharply in the Nordic region and other high-penetration markets. This means that operators increasingly have to focus on added sales to their existing corporate customers in order to generate growth. The number of mobile subscriptions in Western Europe was 298 million on 1 December 2002, according to the Mobile Communications newsletter. This corresponds to a penetration of 76.6 per cent. Last year saw some 20 million new subscriptions in Western Europe, which is only one-fifth of the growth recorded in 2000.

Trio Mobile Office offers sophisticated additional services that generate added sales to existing corporate customers. Operators not only charge for the subscriptions to switch and attendant services, but also see their call revenues boosted when traffic in their networks increases. Moreover, the experience of mobile operators in 2002 demonstrates that Trio Mobile Office can also increase the market share of operators by attracting new customers from competitors.

2. Mobile telephony is expected to grow at fixed telephony's expense. According to several studies, less than 20 per cent of all traffic minutes within the EU use mobile networks. The cost of mobile telephony and the lack of integration with fixed telephony are, in Trio's view, the two main reasons for this. By offering attractive price plans for internal telephony and a high integration level with fixed telephony, operators are provided with more opportunities of increasing their traffic volumes at the expense of fixed telephony.

3. There is a need for solutions that strengthen customer relationships. Customer turnover among mobile operators is sometimes as high as 30 per cent per year. This problem is particularly acute in mature markets in the private segment and the costs involved in recruiting new customers are generally high. Trio Mobile Office provides a complete telephony concept that includes a switch function in the operator's network, integrated telephony and an attendant workplace. By offering a comprehensive corporate solution, mobile operators are less likely to suffer from customers changing operators because of temporary special price offers.

4. High telephony costs create a market for new offerings. Increased mobile phone use not only increases a company's overall telephony costs, it also causes a deterioration in cost control. This has been confirmed by a survey performed in Europe by the Boston Consulting Group, BCG, on behalf of Trio during the autumn of 2001. BCG held interviews with some 36 companies and public institutions in Sweden, Finland, Norway, Germany, Italy and the UK. The survey covered companies of varying sizes from a range of industries, including a number of mobile operators. Generally speaking, the survey's findings showed that the bigger the company was, the more it suffered from lack of integration and high telephony costs.

Cost control is thus very much in demand, and Trio Mobile Office provides it by completely or partially eliminating investment costs in fixed telephony, as well as by offering lower tariffs for internal calls alongside the mobile switch services based on Trio's systems. Telia, for example, offers its Mobile Switcher customers free internal calls in return for a fixed monthly charge. The same BCG survey shows that around 50 per cent of all mobile telephone calls made within typical European medium-sized and large companies are internal. This means that companies stand to make significant savings if they take advantage of the low minute rates or fixed monthly charges offered by operators for internal calls.

Buyers of Trio PresentOffice 3.1 Mobile Edition are also signing similar agreements with mobile operators. Generally, these agreements also include internal calls between mobile and fixed telephones, which means even greater savings. The forwarding of calls to mobile phones is currently a significant major cost item on the phone bills of many companies.

Operators are compensated for low minute rates or fixed monthly fees for internal calls by increased customer loyalty, new service revenues, increased traffic, higher market share taken from fixed telephony and, perhaps most importantly, by their greater attractiveness to potential corporate customers.

In its operator activities, Trio is active in a global market where Europe's mobile operators constitute its primary target group.

Integration is reshaping the corporate market

Within the foreseeable future, many companies (mainly larger ones) plan to retain their fixed telephone switches. Trio already enjoys a strong position among medium-sized and large companies and organisations in the Nordic region. There are currently around 800 installations of Trio PresentOffice here, mainly in Norway and Sweden. Trio PresentOffice offers a sophisticated attendant workplace, call forwarding, etc. One example of how Trio PresentOffice is traditionally used can be seen at Vattenfall in Sweden, which links all its local switches into a single virtual network where all attendants throughout Sweden have access to the same information about the whereabouts of the employees.

Driving forces in the integrated telephony market

These apply to both Trio PresentOffice Mobile Edition and the combination of Trio Mobile Office and Trio PresentOffice offered by mobile operators:

1. Higher efficiency and better customer care. Reachability increases and fewer calls are lost when mobile phones are handled in the same way as fixed telephones. The dynamic company directory offered by Trio PresentOffice enables attendants and employees to have permanent access to up-to-date information about the organisation. Employees are free to decide when, if and how they wish to be contacted.

2. Lower costs. Depending on which operator you use, integrated telephony can be combined with mobile operators' price plan services. This means lower or fixed costs for internal telephony between mobile phones, and generally entails fixed or lower costs for calls between mobile and fixed telephones, as well as lower costs for forwarding calls on fixed extensions to mobile phones.

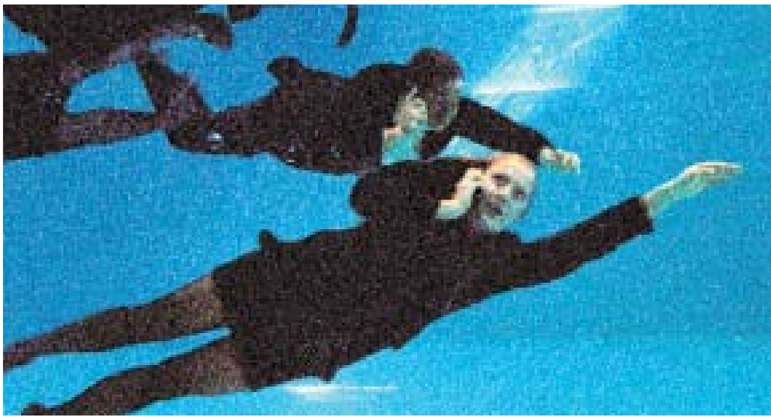
3. Extending the service life of fixed telephony switches. Companies no longer have to throw out their old switchboards when introducing IP telephony or integrating mobile telephony with fixed telephony. By buying supplementary Trio solutions instead, they are able to reduce overall investment costs and retain the cost advantages of fixed telephony for their stationary staff.

4. A single voice mailbox. The voice mailboxes of fixed telephony and mobile operators are replaced with a single voice mailbox that can also be combined, as part of Trio PresentOffice, with a pre-programmed voice that reads out the appropriate information when someone makes a call.

Trio's corporate market in the Nordic region comprises companies and organisations with more than 100 telephone extensions. Sweden is the world's most mature market, and growth is generally low, while the Norwegian market enjoyed significantly higher growth in 2002.

Trio PresentOffice 3.1 Mobile Edition is altering the conditions that apply to Trio's corporate market. Integration with mobile telephones is expected to be a strong driving force for sales, and the existing customer base is the top priority at the initial stage.

Another catalyst for sales in the corporate market, although at a lower level and later stage, is the launch of the integrated Trio PresentOffice – TeleVoice Agent solution. Among other things, this will allow switch and call centre functions to be handled by one and the same attendant. The launch is scheduled for Q2 2003.

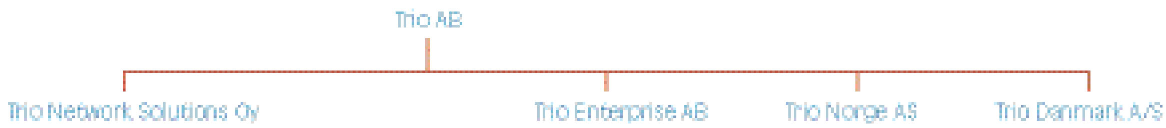


THE ORGANISATION

The Group's activities are conducted in three operative product areas – Trio Mobile Office, Trio PresentOffice and Objecta TeleVoice. The Parent Company, Trio AB, has seven wholly owned subsidiaries and one associated company.

Trio focuses on two customer groups, mobile operators and service providers on the one hand, and companies and organisations on the other. In 2002, the organisation was modified to adapt it to the customer structure. All sales to companies and organisations are co-ordinated by Trio Enterprise AB, which changed its name from Trio Information Systems AB. It includes the Trio PresentOffice and Objecta TeleVoice product areas. Trio AB and Trio Network Solutions Oy are responsible for the Trio Mobile Office product area.

The Group's legal structure is presented in the Director's Report on page 19.



The product areas

TRIO MOBILE OFFICE

In 2002, this product area helped consolidate Trio's position as a leading supplier of mobile telephony and switch solutions. Net sales rose to SEK 60.9 million (SEK 58.7 m). The accounts are presented pro forma, since development and sales of Trio Network Attendant were transferred in Q3 from Trio PresentOffice to Trio Mobile Office. The product area's share of Trio's total sales climbed to 43 per cent in 2002. In 2003, Trio is expecting increased license income from existing mobile operator customers.

Market

The product area's primary target group is Europe's mobile operators.

Customers

Trio Mobile Office is offered as a service by the five leading mobile operators in the Nordic region, i.e. Telenor Mobil, Telia, Vodafone Sweden, Sonera and TDC Mobil.

Products and product development

Trio Mobile Office is a product family that includes advanced, voice-based corporate solutions for mobile telephony. The concept encompasses the following products:

Trio Mobicentrex. This is a centrex solution installed in mobile operators' networks that serves as an advanced company switch for the operators' fully mobile corporate customers.

Trio Network Attendant. This sophisticated attendant workstation is installed in mobile operators' networks. It is available to mobile operators as a separate solution. Alternatively, it can be installed together with other Trio Mobile Office products.

Wireless Attendant Terminal. This is a straightforward attendant workstation for smaller companies, based on a PC and a mobile telephone. The attendant may be located anywhere in the operator's coverage zone.

Professional Mobile Group. This solution is installed in mobile operators' networks and enables conference calls between mobile telephones, eliminating the need for traditional communication radio.

Automatic Call Distribution. Installed in mobile operators' networks, this solution provides call centre services for mobile environments.

Trio Mobile Office also includes monitoring solutions and enables interaction with mobile operators' billing and customer care systems.

Product development work is conducted by the subsidiary, Trio Network Solutions, with the exception of Trio Network Attendant where development is conducted in association with Technology Nexus.

Sales and distribution

The product area focuses primarily on direct sales. Sales are conducted by the Parent Company, Trio AB. Sales are also managed in collaboration with sales partners. For Telenor Mobil's service, ProffNett Total, Trio PresentOffice is installed in collaboration with systems integrators in Norway.

Competitors

Suppliers of telecoms infrastructure, such as Ericsson and Siemens, develop mobile service platforms for mobile operators. They have been unable to match the success achieved by Trio Mobile Office. Trio's solution is generally cheaper and offers higher functionality. It is also a tried and tested solution that is relatively simple to install and adapt to the varying technical preconditions and requirements of operators.

Trio Mobile Office's main competitors are the services developed in-house by mobile operators. What Trio does is to offer mobile operators the opportunity to replace time-consuming in-house development work with tried and tested systems that are quick to generate revenues.

Most mobile operators already offer number plan and price plan services, which enable mobile users at companies to reach each other by using speed-dial numbers at a lower cost. Many operators also combine mobile and fixed number plans and present them as an integrated solution. Number plan and price plan services do not, however, pose a competitive threat to Trio, since their functionality is very low. Trio's operator customers instead use their number and price plan services as a complement to Trio Mobile Office.



TRIO PRESENTOFFICE

In Q3, the Trio PresentOffice and Objecta TeleVoice product areas were integrated into Trio Enterprise AB. The purpose of this integration was to cut costs, increase revenue synergies and facilitate the development of an integration solution based on Trio PresentOffice and Objecta TeleVoice. The merger also caters to the interest shown by Trio PresentOffice retailers in selling Objecta TeleVoice.

Sales to companies and organisations are co-ordinated by Trio Enterprise AB. The extremely weak Swedish market for telecoms systems last year had a negative impact on Trio PresentOffice sales. Net sales came to SEK 62.4 (SEK 80.2 m) pro forma. The launch of Trio PresentOffice 3.1 Mobile Edition in the autumn is expected to generate some growth in 2003.

Market

The market for this product area consists of medium-sized and large companies in the Nordic region, and the primary focus is on Sweden, Norway and Denmark.

Customers

Trio PresentOffice has been installed by some 800 customers, mainly larger companies and organisations in the Nordic region. Both Telia and Telenor use Trio PresentOffice internally, and customers also include around 100 Swedish municipalities and 20 Swedish universities and colleges. Customer relationships are long-term and customer turnover is very low.

Products and product development

Trio PresentOffice. This is the market's leading system for integrated telephony and call and message handling. Some of the most popular functions include call forwarding, the auto attendant, the sophisticated attendant function, the dynamic corporate directory, and the voice mailbox, calendar function and unified message handling. The system is compatible with most leading switch brands in the market.

Trio Present Office Mobile Extensions. This is a product that is part of Trio PresentOffice 3.1 Mobile Edition and is designed to ensure the integration of fixed and mobile telephony. At the moment, it is compatible with Ericsson's and Nortel's switches.

Trio PresentOffice for integrated telephony with Trio Mobile Office. This is so far only offered by Telenor Mobil, and is compatible with Ericsson's, Nortel's and Alcatel's switches.

Trio PresentOffice for pure IP-telephony. This is compatible with IP telephony switch platforms from 3Com and Cisco and enables integration with fixed telephony.

Trio PresentOffice and TeleVoice Agent are being integrated to provide both call handling and call centre functions. The solution is scheduled for launch in Q2 2003.

Product development is conducted within Trio Enterprise in association with numerous development companies for which Technology Nexus serves as the main supplier.

Sales and distribution

In the Nordic region, sales are mainly conducted via retailers who also take responsibility for installation and support in association with the subsidiaries, Trio Enterprise AB, Trio Norge AS and Trio Danmark AS. Altogether, Trio has 23 retailers. Sales outside the Nordic region are mainly handled through retailers who take overall responsibility for these sales, including marketing and systems integration.

Retailer agreements were concluded during the year with six Norwegian telecoms companies, as well as Swedia Networks in

Denmark. An agreement with Cygate was signed for sales of Trio PresentOffice for pure IP telephony and integration between fixed and IP telephony in Sweden, Finland, Denmark, Estonia and Lithuania. Trio also initiated a working partnership with 3Com to develop and sell IP telephony systems in Sweden, Norway and Denmark.

Competitors

The only switch provider to pose a real competitive threat, primarily in the Swedish market, is Ericsson with its DNA/OWS. Ericsson packages its solutions together with its MD110 switch. When it comes to other switch providers, Trio has initiated a collaboration with Nortel, among others. This company markets its Meridian switch together with Trio PresentOffice 3.1 Mobile Edition.

Among independent competitors, CMG/Nice from Trio's associated company Netwise is the system that comes closest to rivalling PresentOffice when it comes to functional diversity. The main difference is that PresentOffice can offer both mobile and IP integration.

All the Nordic markets have small niche players who offer some of the functions included in Trio PresentOffice. None of them, however, is able to offer solutions for integrated telephony.

OBJECTA TELEVOICE

In 2002, this product area was integrated with Trio PresentOffice to form Trio Enterprise AB. Net sales totalled SEK 19.3 million (SEK 26.3 m). The Swedish market for call centre systems experienced a decline last year. In 2003, however, a certain amount of growth is expected. This is largely due to the fact that the product area's call and contact centre will, as of this year, also be available as an integration solution with Trio PresentOffice, as well as to the launch of a sophisticated voice control function.

Market

The market for Objecta TeleVoice consists of companies and organisations that wish to increase customer service levels and enhance the efficiency of their internal customer care.

Customers

The product area's voice response system is used by many customers, including several Swedish banks. The call and contact centre is mainly used by companies with their own customer service departments. Two major customers in 2002 were Fujitsu Invia, with 80 employees all working simultaneously, and Stockholms Stads Bostadsförmedling (the City of Stockholm's municipal housing corporation), which has supplemented its existing Bostad Bokning system with a manned call centre.

FöreningsSparbanken also became a pilot customer for voice controlled telephone-banking. Customer relationships in this field are generally long-term and customer turnover is very low.

Products and product development

TeleVoice Agent. This is a flexible call and contact centre.
TeleVoice IVR. This solution offers voice response solutions for telephone-banking, orders, bookings, etc.
TeleVoice ASR. This solution has functions for voice-controlled services.

Product development is handled by Trio Enterprise and involves a certain amount of collaboration with Technology Nexus. In December 2002, a partnership agreement regarding voice control was signed with SpeechCraft and Icepack with a view to boosting sales and delivery capacity in 2003. The company's own organisation assumes overall responsibility by offering development and support.

Sales and distribution

Sales focus mainly on Sweden and are handled through the company's own organisation, which also assumes responsibility for installations and customisation work.

Competitors

Suppliers of switches with built-in call centres are the product area's main competitors. The Swedish call centre market covers a multitude of competing systems, used primarily by larger independent call centre companies. The most prominent of these are the Genesys T-server from Alcatel, EIC from Interactive Intelligence, Call Guide from Telia, Solidus from Ericsson and Symposium from Nortel. These systems are all dependent to varying degrees on the telephone switch used by the customer, while Objecta TeleVoice solutions are switch-neutral.

Development, processes, brands

Development work is conducted in a process-oriented manner that is thoroughly documented and uses clearly defined routines to govern the transition between different process stages. Procurement processes with mobile operators all include reviews and approval of development and support, etc., by the operators. This is why the key components of Trio's mobile systems are "carrier graded", which means that they meet the extremely stringent requirements on operating security and scalability imposed by mobile operators.

Telenor Mobil has approved Trio in the complete quality audit it performed, covering all processes from development to post-sales support.

Trio's solutions are based on standards and de-facto standards applying in the telecoms and IT spheres. Trio works with tools and products from market-leading suppliers such as Cisco, Dell, HP, Lucent, NMS Communications and Microsoft. Together, this creates tremendous flexibility and allows Trio to be quick off the mark in implementing changes and adaptations, while also reducing supplier risks.

Brands. Trio is a registered trademark in Sweden and has reached the final stages of registration in the EU, as well as in a number of countries in Eastern Europe and Asia. Mobicentrex is a registered trademark in Finland, Estonia, the US and a number of countries in the Middle East and Asia. Objecta is a registered trademark in the EU.

Domain names. Trio owns the domain names trio.com, trio.se and objecta.se.

Staff and Trio's history

Intellectual capital

Trio's operations cover a number of spheres of expertise. This requires in-depth knowledge that extends over the entire process, from development to customer support. In order to consolidate its position at the cutting edge of technology, Trio needs to recruit and retain highly qualified employees. Staff policy is therefore a top priority.

The number of employees at the end of the financial year was 93, which represents a 15 per cent decrease on the previous year. Within the Trio Group as a whole, a total of 24 employees worked in development, 27 in marketing and sales, 32 in service and 10 in administration and internal service.

The main reason for the fall in the number of employees was the action programme implemented by Trio during the autumn. This programme mainly focused on the Trio PresentOffice and Objecta TeleVoice product areas.

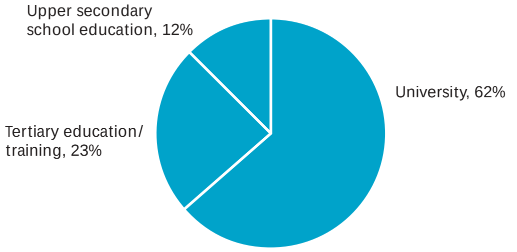
The average age of employees at the end of the financial year was almost 35.9. The figure was more or less the same for women and men, their average ages being 37.5 and 35.5 respectively. The percentage of women at the Group was 25 per cent, which is unchanged compared with the previous year. Trio does, however, actively strive to attain a more even distribution of men and women. The average period of employment at the Trio Group is approximately 4.5 years.

Staff turnover on 31 December was 11.1 per cent, which is significantly lower than last year. While a certain amount of staff turnover is beneficial to the majority of organisations, it is important for Trio to be able to keep it at levels that further the development of the company's expertise in the long term.

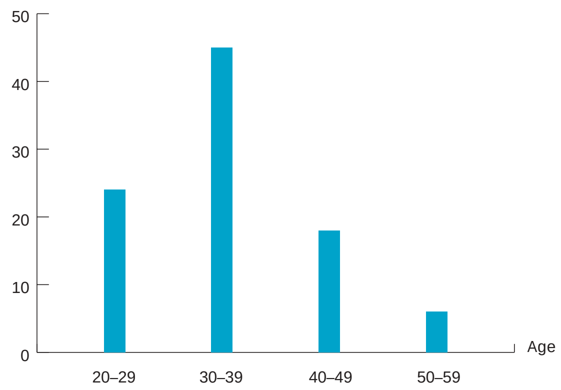
Staff-related key ratios	2002	2001
Sales per employee, SEK MILLION	1.4	1.3
Staff costs/total costs, %	45.7	50.8
Staff costs/employee, SEK MILLION	0.79	0.78
Payroll costs including payroll overheads per employee, SEK MILLION	0.67	0.69
Average number of employees	105	126

The above figures include severance pay in conjunction with the restructuring programme.

Education



Age spread



History

1992. Trio was founded. During its first few years, Trio developed fax programs for personal computers aimed at the consumer market.

1997. Trio as it is today was formed when Trio Information Systems AB acquired Preseco Informationssystem AB and the operations of Objecta Elektronik & Data AB. These acquisitions enabled Trio to realise its strategy of focusing on the corporate market.

1998. Development focused on integrating the technology of the three amalgamated companies to create Trio PresentOffice, the market's most comprehensive system for call and message handling. In December, Trio's shares were listed on the O list of the Stockholm Stock Exchange.

1999. Acquisition of Abacus Solutions Oy and change of name to Trio Network Solutions Oy. The acquisition provided access to a new customer category, mobile operators.

2000. Development focused on perfecting Trio PresentOffice and developing it to encompass the integration of fixed, mobile and IP telephony. The contact and call centre solution, Trio TeleVoice Agent, was launched.

2001. A breakthrough year for Trio Mobile Office. Sverker Hannervall became President and appointed a new management group. Trio signed a collaboration and outsourcing agreement with Technology Nexus.

2002. Extensive launch of Trio Mobile Office, confirming that there is a market for mobile switch solutions and integrated telephony. Trio PresentOffice 3.1 Mobile Edition was launched. Trio implemented an action programme designed to adapt the operations to the prevailing market climate. This programme has cut costs and increased the synergy effects between product areas.

Five-year summary

KEY RATIOS	2002	2001	2000	1999	1998
NET SALES, PRO FORMA *					
Net sales, SEK MILLION	142.6	165.2	104.0	134.4	93.6
Net sales increase, %	–14	59	–23	44	38
MARGINS, PRO FORMA					
Gross margin, %	52	59	37	59	65
Profit margin, %	neg	neg	neg	neg	neg
RETURN					
Return on shareholders' equity, %	neg	neg	neg	neg	neg
CAPITAL STRUCTURE					
Liquid assets, SEK MILLION	29.2	61.7	131.6	74.8	5.7
Shareholders' equity, SEK MILLION	69.2	103.7	127.6	253.0	57.5
Capital turnover rate, MULTIPLE	1.1	0.9	0.4	0.7	1.0
Equity/assets ratio, %	63	68	62	84	67
Debt/equity ratio, MULTIPLE	0.1	0.1	0.1	0.0	0.0
Interest coverage ratio, MULTIPLE	neg	neg	neg	neg	neg
INVESTMENTS					
Investments in fixed assets, SEK MILLION	0.7	1.9	3.2	4.1	2.5
RESEARCH AND DEVELOPMENT					
Costs	26.6	34.3	53.6	39.2	32.9
Depreciation	0.4	0.2	1.2	1.0	1.1
Effect on cash flow	26.2	34.1	52.4	38.2	31.8
EMPLOYEES					
Average number of employees	105	126	179	133	127
Net sales per employee, SEK THOUSAND	1,358	1,311	581	1,011	737
DATA PER SHARE					
Number of shares at year-end	64,082,777	59,065,280	59,065,280	23,186,890	12,908,645
Number of shares at year-end after dilution **	72,082,777	66,087,601	59,065,280	24,836,890	14,008,645
Average number of shares	62,508,042	59,065,280	24,192,939	18,048,000	12,515,000
Average number of shares after dilution **	70,508,042	66,087,601	24,192,939	19,698,000	13,615,000
Shareholders' equity before dilution, SEK	1.08	1.76	2.16	10.92	4.46
Shareholders' equity after dilution, SEK	0.96	1.57	2.16	10.19	4.10
Earnings per share before dilution, SEK	–0.78	–0.42	–11.23	–1.16	–0.37
Earnings per share after dilution, SEK	–0.78	–0.42	–11.23	–1.16	–0.37
Dividend per share	–	–	–	–	–

* The pro forma figures do not include any lines of business wound up during the 1998 financial year.

** Average number of shares (both before and after dilution). The years 2002, 2001 and 2000 have been calculated in accordance with the definition below pursuant to RR 18.Earnings per share. Other comparative years have not been re-calculated in accordance with RR 18, but are calculated as the opening number of shares plus the closing number of shares divided by two.

DEFINITIONS OF KEY RATIOS

Margins
Gross margin. Gross profit/loss as a percentage of the year's net sales.
Profit margin. Profit/loss for the year as a percentage of the year's net sales.

Return
Return on shareholders' equity. Profit/loss after tax as a percentage of average shareholders' equity.

Capital structure
Shareholders' equity. Shareholders' equity at year-end.
Capital turnover rate. Net sales divided by average balance sheet total.
Equity/assets ratio. Shareholders' equity as a percentage of the balance sheet total.
Debt/equity ratio. Interest-bearing liabilities divided by shareholders' equity.
Interest coverage ratio. Profit/loss after net financial items plus financial expenses divided by financial expenses.

Investments
Fixed assets. Net investments in facilities, including any disposals.

Data per share
Shareholders' equity per share. Shareholders' equity at year-end divided by the number of shares at year-end.
Earnings per share for the year. Profit/loss after actual tax divided by the average number of shares.

Average number of shares
Before dilution. Weighted average of the number of outstanding shares for the period. The weighted average consists of the number of shares at the beginning of the period, adjusted for new share issues and buy-backs/redemptions performed during the period, multiplied by the number of days for which the shares were outstanding in relation to the total number of days in the period.
After dilution. As above before dilution, but with the addition of directed new share issues and outstanding warrants programmes.

The Trio share

Trio's shares have been listed on Stockholmsbörsen's O list since 14 December 1998. The company has approximately 8,200 shareholders and its principal owner is Kistefos AS with 29.4 per cent of the votes and capital.

Ownership structure on 31 December 2002

Owners	Number of shares	Share capital and votes (%)
Kistefos	18,822,430	29.4
Overseas owners via trustees	10,308,738	16.1
Purpose AB	2,700,000	4.2
Swedstart KB	1,750,000	2.7
Tedde Jeansson Jr and company	722,500	1.1
Kjell-Åke Sundqvist	320,000	0.5
Råd i Hässleholm AB	300,000	0.5
Kåre Gilstring	281,000	0.4
Karl-Axel Wässingbo	260,000	0.4
Länsförsäkringar trust funds	228,000	0.4
Others	28,390,109	44.3
	64,082,777	**100**

Trading

The last price paid for the Trio share at the end of 2002 was SEK 0.93, bringing the company's total market value to around SEK 60 million. On average, some 129,422 shares per business day were traded in 2002, the value of which was SEK 275,433. Altogether, a total of around 32.3 million shares were traded during the year, the value of which was SEK 68.9 million.

Share capital

The share capital totalled SEK 64,082,777 on 31 December 2002 and was spread over 64,082,777 shares with a nominal value of SEK 1.00 per share.

Change in share capital

Year	Transaction	Increase in no. of shares	Total number of shares	Total share capital, SEK
1992	Company foundation	500	500	50,000
1993	New share issue	62	562	56,200
1994	New share issue	56	618	61,800
1994	New share issue	163	781	78,100
1995	Split,1:100,	77,139	78,100	78,100
1995	Bonus issue 20:1	1,562,000	1,640,100	1,640,100
1995	New share issue	164,010	1,804,110	1,804,110
1996	New share issue	250,000	2,054,110	2,054,110
1997	New share issue (non-cash)	666,667	12,787,217	12,787,217
1997	New share issue (conversion)	121,428	12,908,645	12,908,645
1999	New share issue	5,163,458	18,072,103	18,072,103
1999	New share issue	310,810	18,382,913	18,382,913
2000	New share issue (non-cash)	4,803,977	23,186,890	23,186,890
2000	New share issue	191,460	23,378,350	23,378,350
2000	New share issue	247,762	23,626,112	23,626,112
2000	New share issue	35,439,168	59,065,280	59,065,280
2002	New share issue (non-cash),	5,017,497	64,082,777	64,082,777

Shareholders

The number of shareholders at the end of 2002 was 8,194, an increase of around 300 shareholders compared with the previous year. Trio has one principal owner, Kistefos, a Norwegian investment company with holdings in shipping, off-shore, property and IT/telecoms companies. Overseas ownership of Trio is around 46 per cent.

Shareholding breakdown

Size of holding	Number of shareholders	%	Number of shares,	%
1–500	3,216	39	791,242,	1.2
501–1000	1,442	18	1,263,952,	2.0
1,001–10,000	2,978	36	11,292,381	17.6
10,001–50,000	4,666	10	399,015	16,2
50,001–100,000	51	1	3,853,087	6.0
100,001–	41	1	36,483,100	56.9
Total	**8,194**	**100**	**64,082,777**	**100.0**

Data per share

SEK	2002	2001	2000	1999	1998
Profit/loss for the year before dilution	–0.78	–0.42	–11.23	–1.16	–0.37
Profit/loss for the year after dilution	–0.78	–0.42	–11.23	–1.16	–0.37
Dividend	–	–	–	–	–
Shareholders' equity before dilution	1.08	1.76	2.16	10.92	4.46
Shareholders' equity after dilution	0.96	1.57	2.16	10.19	4.10
Market value on 31 December 2002	0.93	3.85	4.31	45.0	14.0
P/S-ratio [1]	0.42	1.38	2.45	7.76	1.93
Price/SE [2]	0.86	2.19	1.99	4.12	3.14

1. P/S ratio (Price/Sales): Total market value in relation to net sales.

2. Price/SE: Share price in relation to shareholders equity.

Dividend policy

Trio is a growth company, and this makes a fixed and long-term dividend policy impossible. The Board's aim, however, is for the company to pay dividends in keeping with the Group's profit performance, provided that they are deemed compatible with the Group's consolidation requirements, liquidity and financial position.

Warrants programme

Warrants are important parts of Trio's offering to its employees. Special employee warrants programmes are a common instrument used by growth companies to generate commitment and participation. Trio has two outstanding warrants programmes. The dilution effect is described in Note 22 to the accounts.

Staff warrants

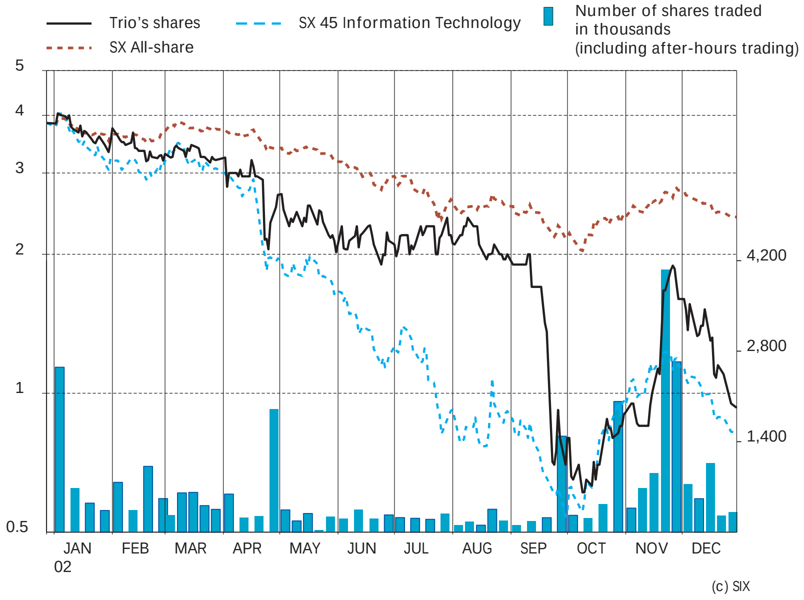
Trio has issued a total of 4,053,976 warrants to some 103 employees at the Group. In order to secure the staff warrants programme, Trio has issued 6,500,000 warrants to subscribe for new shares, of which 1,500,000 are to cover social security contributions. Each staff warrant entitles the holder to buy one share in the company. Of the total number of staff warrants allocated, 60 per cent can be exercised as of 1 January 2003, and the remaining 40 per cent from 1 January 2004 until 31 December 2004. The redemption price for the staff warrants and the subscription price for warrants securing the staff warrants programme is SEK 4.86 per share.

Warrants to subscribe

Trio has issued 1,500,000 warrants that entitle the holders to subscribe for an equal number of shares. The programme is designed for existing and new senior executives at the Trio Group. New shares can be subscribed for over the period 1 January 2004 – 30 June 2004 at a subscription price of SEK 5.8. 500,000 warrants to subscribe have been allocated.

Share price trend

Trio's share price was affected in 2002 by the general slump on Stockholmsbörsen that hit IT shares particularly hard. On a full-year basis, however, Trio's shares have slightly outperformed the stock exchange's benchmark index, SX 45 Information Technology.



Directors' report

The Board of Directors and the President of Trio AB (publ), Swedish corporate identity no. 556439-0341, hereby submit the annual report and consolidated accounts for 2002.

Group structure

The Group's activities are divided into three operative product areas – Trio Mobile Office, Trio PresentOffice and Objecta TeleVoice – and consist of seven wholly owned subsidiaries and one associated company. Trio's legal structure is as follows:

Trio AB (publ) is the Parent Company and includes Group-wide functions, as well as sales activities, mainly relating to the Trio Mobile Office product area.

- *Trio Enterprise AB* is the new name of Trio Information Systems AB. The company conducts sales activities for the Trio PresentOffice and Objecta TeleVoice product areas.
- *Trio Network Solutions OY* conducts activities in the Trio Mobile Office product area.
- *Trio Norge AS* conducts sales activities within the Trio PresentOffice product area.
- *Trio Danmark AS* conducts sales activities within the Trio PresentOffice product area.
- *Trio Personal AB* manages outstanding warrant programmes for Group employees.
- *Trio Business Technology AB* is, as of January 2003, no longer conducting any operations.
- *Objecta Systems AB* is, as of January 2003, no longer conducting any operations.

Associated companies

Netwise AB operates in the field of Computer Telephony Integration (CTI), conducting product development operations and selling licences and peripheral services, such as training, consulting and support. Netwise is listed on Stockholmsbörsen's O list.

The operations

Trio is a telecommunications company that develops telephony systems designed to enhance internal efficiency and customer service levels and help companies gain greater control of their telephony costs. Some 2,000 systems have been delivered in the Nordic region to large and medium-sized businesses, as well as five leading mobile operators. Trio operates in the following three product areas:

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

Trio PresentOffice offers customers integrated telephony and advanced call and message handling. Integrated telephony allows fixed, mobile and IP telephony to be connected into a single virtual telephony system.

Objecta TeleVoice offers solutions for customer service systems, including flexible call and contact centres and interactive voice response systems, such as telephone-banking and speech recognition.

Development

Development work is mainly conducted within Trio AB and Trio Network Solutions OY, which co-ordinate their efforts with regard to Trio Network Attendant, offered as part of the Trio Mobile Office product area. Since 2001, Trio has had a collaboration and outsourcing agreement with Technology Nexus concerning the development of Trio PresentOffice. The agreement also involves Trio Network Attendant.

Key events during the year

In spite of the profound crisis in the telecoms industry, 2002 saw Trio consolidate its position as a market-leading supplier of mobile office solutions. Five of the Nordic region's leading mobile operators bought systems from the Trio Mobile Office product area. They are Telenor Mobil, Telia, Vodafone Sweden, Sonera and TDK Mobil. Mobile operators accounted for 43 per cent of Trio's net sales during the year.

The influx of subscribers to the operators' mobile office solutions in 2002 is confirmation that Trio Mobile Office can meet the growing demand for mobility. Most of the growth within Trio Mobile Office derives from sales of licences generated by the growing number of subscribers.

Telenor Mobil is the operator to have made most progress in launching services based on Trio Mobile Office. During the past year, this operator rapidly expanded its ProffNett service. Telenor Mobil's orders in 2002 were worth a total of SEK 34 million.

During the autumn, Telia held an extensive launch of its mobile office solution, Mobile Switcher.

Trio signed an order with Vodafone for its mobile office service known as The Wireless Office, whereby Vodafone's service will now be supplemented with Trio Network Attendant (TNA). This will enable Vodafone to offer larger companies with 50–500 employees a full transition to mobile telephony

Product launches. During the autumn, Trio launched Trio Network Attendant, part of its Trio Mobile Office product area. TNA enables mobile operators to offer an advanced mobile office solution with a sophisticated attendant workstation, call forwarding and expanded switch functionality. TNA is based on the experiences Trio has accumulated in the sphere of corporate telephony.

Trio PresentOffice 3.1 Mobile Edition was also launched during the autumn as part of the Trio PresentOffice product area. The system enables switchboard attendants to handle mobile phones just like fixed telephones in the company's existing switch-based telephony system.

During the summer, Trio's Objecta TeleVoice product area launched version 4.0 of its call and contact centre solution, TeleVoice Agent, which enables unified handling of telephony, call-back, fax, e-mail and web, allowing businesses to raise their customer service levels.

Bid for Netwise. On 25 October 2001, Trio submitted a public bid to the shareholders of Netwise with a view to acquiring all outstanding shares and warrants in the company. On 8 March 2002, the Board of Directors of Trio decided against extending the bid, since it would not be possible to acquire 90 per cent of the capital and votes. Today, Trio owns shares in Netwise corresponding to approximately 32 per cent of the capital and 26 per cent of the voting rights.

Action programme. In order to adapt the company's operations to the prevailing market climate, Trio initiated an action programme in Q3 that will cut costs by SEK 25 million on an annual basis. The programme had a gradual effect that began in Q4, while its full impact began to be felt from 1 January 2003. The action programme involved reducing the number of employees by 20 people.

New organisation. Trio PresentOffice and Objecta TeleVoice were integrated into a single organisation in Q3. The purpose of this is partly to reduce costs and partly to increase revenue synergies within the Group.

Management. The efficiency of Trio's management was enhanced during the autumn and it now includes Sverker Hannervall, President and CEO; Thomas Doyon, Vice President, Trio Enterprise; Per Grönwall, Chief Financial Officer; and Mats Plahn, Chief Technology Officer and Vice President Sales, Trio Mobile Office.

Net sales

The Group's net sales came to SEK 142.6 million (SEK 165.2 m), a 14 per cent drop. This lower sales figure is due to the weak trend in the Swedish market for telephony systems based on traditional company switches. This had a negative impact on sales for the Trio PresentOffice and Objecta TeleVoice product areas.

Net sales for Trio PresentOffice came to SEK 62.4 million (SEK 80.2 m).

Net sales for Objecta TeleVoice came to SEK 19.3 million (SEK 26.3 m).

Net sales for Trio Mobile Office in 2002 increased by 4 per cent to SEK 60.9 million (SEK 58.7 m), despite the adverse market climate. The increase is the result of successful sales of Trio Mobile Office to several leading mobile operators in the Nordic region.

Gross profit

The Group's gross profit fell 25 per cent to SEK 74.1 million (SEK 98.2 m), leading to a gross margin of 51.9 (59.4) per cent. The fall in the gross margin is a result of both product mix and falling sales.

The accounts apply the principle that the cost of goods sold includes material and product costs, as well as the costs for installation, support and training staff.

Overheads

Overheads fell 11 per cent to SEK 113.7 million (SEK 127.4 m), mainly as a result of the action programme initiated during the year, which led to substantially reduced costs within the Trio PresentOffice and Objecta TeleVoice product areas. The Group's development costs, which in 2001 corresponded to 21 per cent of net sales, totalled SEK 26.6 million (SEK 34.3m) in 2002, or 19 per cent of net sales. In addition, SEK 0.9 million has been capitalised in accordance with RR15, Intangible assets.

Items affecting comparability

Items affecting comparability came to SEK –2.2 million (SEK 4.5 m). These items include sales of intellectual property in the amount of SEK 5.8 million, as well as restructuring costs of SEK –8.0 million.

Operating profit/loss

The full-year operating loss before goodwill amortisation came to SEK –40.7 million (SEK –24.6 m). This higher loss is due partly to lower sales and partly to restructuring costs of SEK –8 million.

Staff

The number of employees at the Group was 93 (109) at the end of the year. The average number of employees during the year was 105 (126). The reduction in the number of staff is mainly a result of the action programme implemented within the organisation during the autumn.

Investments

Investments in equipment and computers totalled SEK 0.7 million (SEK 1.9 m) during the year. Planned depreciation and amortisation, including goodwill, came to SEK 5.3 million (SEK 5.8 m).

Financial position and liquidity

Liquid assets on 31 December 2002 totalled SEK 29.2 million (SEK 61.7 m). The Group's shareholders' equity on 31 December 2002 came to SEK 69.2 million (SEK 103.7 m), while the equity/assets ratio was 63 (68) per cent.

Income statement per product area (SEK MILLION)

	2002 Full-year	2001 Full-year
Trio PresentOffice		
Net sales	62.4	80.2
Operating loss before goodwill	–14.0	–18.7
Objecta TeleVoice		
Net sales	19.3	26.3
Operating loss before goodwill	–8.0	–5.7
Trio Mobile Office		
Net sales	60.9	58.7
Operating profit/loss before goodwill	–11.0	1.8

Key events since the end of the year

In January, Trio signed an agreement with FöreningsSparbanken worth approximately SEK 3 million. The order involves increasing the capacity of the "Bank via Telefon" telephone-banking service. In March, Telenor Mobil continued to expand ProffNett and placed an additional order worth SEK 2.3 million.

In Q1, the Board of Directors took steps to adapt Trio to the prevailing market climate with a view to making a clear net profit and reporting a positive cash flow during the year. The restructuring measures taken in Q1 will help cut costs by SEK 20 million on an annual basis. The break-even level has been lowered from SEK 150 million to SEK 125 million on an annual basis.

Outlook for 2003

The interest shown by mobile operators in the solutions Trio offers within its Trio Mobile Office product area has increased. Purchasing behaviour has, however, featured a considerable degree of caution, as well as a significantly longer purchasing process than before. The launch of Trio Network Attendant performed in the autumn of 2002 will play a key role in 2003. At the same time, higher licensing revenues are expected now that Trio's mobile operator customers are attracting more end-customers keen to buy services based on Trio Mobile Office.

Some growth is expected within the Trio PresentOffice and Objecta TeleVoice product areas, mainly as a result of the launch of PresentOffice 3.1 Mobile Edition. The system enables businesses to use their mobile phones just like fixed telephones in their existing switch-based telephony, and has generated considerable interest, mainly from Trio's existing corporate customers in the Nordic region.

The work of the Board

Trio's Board of Directors consists of four members elected at the Annual General Meeting in 2002. The duties of the Board of Trio AB are regulated by the Swedish Companies Act, the current Articles of Association and the rules of procedure laid down by the Board. The rules of procedure state that the Board shall hold a minimum of six meetings per calendar year, in addition to the Board meeting following election. In 2002, the Board held 16 meetings at which minutes were kept. At its ordinary meetings, the Board addressed the items on the agenda of each Board meeting, as stipulated by the rules of procedure, discussing issues such as business position, budget and interim reports, as well as being updated on important projects. The Board also handles general matters relating to company acquisitions, sales and other investments, as well as long-term strategy issues. In addition, financial reports with comments on outcomes in relation to budget or forecast are also submitted to the Board on a monthly basis.

The Parent Company

The Parent Company's net sales came to SEK 19.9 million (SEK 51.3 m). The Parent Company's loss after net financial items was SEK –34.4 million (–17. 9 m).

Appropriation of the year's loss

The Group's accumulated deficit totals SEK 78.4 million.

An accumulated loss of SEK 34,428,853 for the Parent Company is at the disposal of the Annual General Meeting. The Board of Directors and the President propose that the Parent Company's loss be covered through a reduction in the share premium reserve.

As regards the Group's and the Parent Company's financial results and status in other respects, the reader is referred to the income statements and balance sheets, cash flow statements and notes to the accounts that follow below.

Stockholm 18 March 2003

Christian H Thommessen
Chairman of the Board

Ion Bogdaneris

Olof Englund

Tomas Duffy

Sverker Hannervall
President

Our auditors' report was submitted on 20 March 2003.

Ernst & Young AB

Anders Wiger
Authorised Public Accountant

INCOME STATEMENT

SEK MILLION	THE GROUP NOTE	2002	2001	THE PARENT COMPANY NOTE	2002	2001
Net sales	2	142.6	165.2	2	19.9	51.3
Cost of goods sold	1,3	–68.5	–67.0	1	–18.5	–44.8
Gross profit/loss		**74.1**	**98.2**		**1.4**	**6.5**
Selling expenses	1,3	–57.5	–61.6	1,3	–6.5	–1.7
Administrative expenses	1,3,29	–29.6	–31.5	1,3,29	–5.8	–10.4
Developments costs	1,3,4	–26.6	–34.3	1,3,4	–12.5	–0.3
Other operating income	5,6	1.1	0.1	5,6	0.4	0.9
Items affecting comparability	7	–2.2	4.5	7	–2.4	–4.7
Operating loss before goodwill amortisation	27,28,30	**–40.7**	**–24.6**	27,28,30	**–25.4**	**–9.7**
Goodwill amortisation	17	–3.0	–3.0	17	–2.1	–1.9
Operating loss after goodwill amortisation		**–43.7**	**–27.6**		**–27.5**	**–11.6**
Write-down of intangible assets		–	–	17	–2.5	–
Profit/loss from participations in Group companies		–	–	25	–4.9	–8.6
Profit/loss from participation in associated company	8	–6.2	–		–	–
Interest income and similar items	9	1.5	3.1	9	0.6	2.6
Interest expenses		–0.6	–0.5		–0.1	–0.3
Profit/loss after financial items		**–49.0**	**–25.0**		**–34.4**	**–17.9**
Taxes	10	0.3	–	10	–	–
Profit/loss for the year		**–48.7**	**–25.0**		**–34.4**	**–17.9**
Earnings per share before goodwill amortisation, SEK		–0.65	–0.42			
Net earnings per share before dilution, SEK		–0.78	–0.42			
Net earnings per share after dilution, SEK		–0.78	–0.42			

BALANCE SHEET

SEK MILLION	THE GROUP NOTE	31 DEC 2002	31 DEC 2001	THE PARENT COMPANY NOTE	31 DEC 2002	31 DEC 2001
ASSETS						
Fixed assets						
Intangible fixed assets						
Capitalised expenditure for development work	14	0.9	–	14	0.9	–
Patents and brand names	15	1.3	1.1	15	1.3	1.1
Leaseholds and similar rights	16	–	0.3		–	–
Goodwill	17	14.2	17.2	17	11.7	11.2
Total intangible fixed assets		**16.4**	**18.6**		**13.9**	**12.3**
Tangible fixed assets	3,18	**2.7**	**4.3**	18	**0.8**	**0.8**
Financial fixed assets						
Participations in Group companies		–	–	26	59.6	57.0
Participations in associated companies	11,19	13.1	–	11, 19	10.8	–
Shares in other companies	19	–	1.5	19	–	1.5
Other long-term securities held	19	0.5	1.0		–	–
Total financial fixed assets		**13.6**	**2.5**		**70.4**	**58.5**
Total fixed assets		**32.7**	**25.4**		**85.1**	**71.6**
Current assets						
Stock		**1.7**	**2.6**		–	–
Current receivables						
Trade debtors		31.6	42.6		1.8	5.6
Receivables from Group companies		–	–		22.5	18.3
Other receivables		3.0	7.3		0.6	6.7
Prepaid costs and accrued income	20	11.3	13.7	20	3.8	4.4
Total current receivables		**45.9**	**63.6**		**28.7**	**35.0**
Current investments		**1.9**	–		–	–
Cash and bank balances		**27.3**	**61.7**		**10.3**	**51.0**
Total current assets		**76.8**	**127.9**		**39.0**	**86.0**
Total assets		**109.5**	**153.3**		**124.1**	**157.6**

BALANCE SHEET

SEK MILLION	THE GROUP NOTE	31 DEC 2002	31 DEC 2001	THE PARENT COMPANY NOTE	31 DEC 2002	31 DEC 2001
SHAREHOLDERS' EQUITY AND LIABILITIES						
Shareholders' equity	21			21		
Restricted equity						
Share capital		64.1	59.1		64.1	59.1
Share premium reserve		–	–		76.2	93.1
Restricted reserves		83.5	231.5		–	–
Total restricted equity		**147.6**	**290.6**		**140.3**	**152.2**
Accumulated deficit						
Non-restricted reserves		–29.7	–161.9			
Profit/loss for the year		–48.7	–25.0		–34.4	–17.9
Total accumulated deficit		**–78.4**	**–186.9**		**–34.4**	**–17.9**
Total shareholders' equity		**69.2**	**103.7**		**105.9**	**134.3**
Provisions						
Deferred tax	10	–	0.1		–	–
Total provisions		**0.0**	**0.1**		–	–
Long-term liabilities	22	**0.0**	**0.0**	22	–	–
Current liabilities						
Trade creditors		13.0	22.4		4.9	8.0
Liabilities to Group companies		–	–		8.1	10.3
Other liabilities		7.4	3.7		1.2	1.2
Accrued costs and deferred income	23	19.9	23.4	23	4.0	3.8
Total current liabilities		**40.3**	**49.5**		**18.2**	**23.3**
Total shareholders' equity and liabilities		**109.5**	**153.3**		**124.1**	**157.6**
MEMORANDUM ITEMS						
Pledged assets and contingent liabilities	24	16.8	11.2	24	11.2	11.2
Key figures						
Equity per share SEK		1.08	1.76			
Equity/assets ratio. %		63	68			
No. of shares at end of period (thousands)		64,083	59,065			
Average no. of outstanding shares (thousands)		62,508	59,065			
Average no. of outstanding shares after dilution (thousands)		70,508	66,088			
Own shareholdings		–	–			

CASH FLOW STATEMENT

SEK MILLION	THE GROUP NOTE	31 DEC 2002	31 DEC 2001	THE PARENT COMPANY NOTE	31 DEC 2002	31 DEC 2001
CASH FLOW FROM THE ONGOING OPERATIONS						
Profit/loss after net financial items		–49.0	–24.9		–34.4	–17.9
Adjustments for items not included in the cash flow						
Depreciation		5.3	5.8		5.2	2.4
Capital gains/losses		–6.1	–4.9		–0.1	2.6
Participation in profit of associated company		5.3	–		–	–
Write-down of shares in subsidiaries		–	–		1.5	–
Tax paid		0.2	–0.1		–	–
Cash flow from the ongoing operations before change in working capital		**–44.3**	**–24.1**		**–27.8**	**–12.9**
Cash flow from changes in working capital						
Change in stock and receivables		18.6	–24.4		4.4	3.7
Change in current liabilities		–11.3	–10.9		–3.3	–53.7
Cash flow from the ongoing operations		**–37.0**	**–59.4**		**–26.7**	**–62.9**
INVESTMENT ACTIVITIES						
Investments in subsidiaries		–	–		–4.1	–1.5
Shareholders' contributions made		–	–		–	–4.0
Acquisition of intangible assets		–1.3	–		–6.3	–
Acquisition of tangible fixed assets		–0.7	–16.4		–0.4	–0.7
Acquisition of associated companies	11, 19	–4.8	–	11,19	–4.8	–
Sale of fixed assets		8.0	21.0		1.6	0.1
Cash flow from investment activities		**1,.2**	**4.6**		**–14.0**	**–6.1**
FINANCING ACTIVITIES						
New share issue		–	0.6		–	1.9
Loans raised		3.3	–		–	–
Amortisation of loans		–0.7	–16.2		–	–0.6
Translation difference		0.7	0.5		–	–
Cash flow from financing activities		**3.3**	**–15.1**		–	**1.3**
Cash flow for the year		**–32.5**	**–69.9**		**–40.7**	**–67.7**
Liquid assets at year-start		**61.7**	**131.6**		**51.0**	**118.7**
Liquid assets at year-end	13	**29.2**	**61.7**	13	**10.3**	**51.0**

Accounting and valuation principles

General accounting principles
The annual report has been prepared pursuant to the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendations and statements. This means that this is the first year that the company is implementing the Swedish Financial Accounting Standards Council's new recommendation RR23, Information about close associates. This has had no impact on the company's financial results and status.

The company's valuation principles
The company's valuation principles are unchanged compared with previous years. Assets and liabilities have been booked at their acquisition value and nominal value respectively unless otherwise specified in the notes below.

Group structure
Trio AB (publ), Swedish corporate identity number 556439-0341, is the Parent Company of the Trio Group. The Group comprises the following companies: Trio Enterprise AB, corporate ID no. 556249-9847, Trio Personal AB, corporate ID no. 556542-8132, Objecta Systems AB, corporate ID no. 556377-7258, Trio Business Technology AB, corporate ID no. 556603-1281, Trio Network Solutions Oy, corporate ID no. 733-357, Trio Norge AS, corporate ID no. 982.261.562 and Trio Danmark A/S, corporate ID no. 261.917.18. Trio AB also owns 32% of the capital and 26% of the voting rights in the associated company, Netwise AB (publ), corporate ID. no. 556604-4286.

Changes in the composition of the Group
Trio Information Systems, Inc. has been closed down. The gain from this closedown comes to SEK 0.1 million.

Consolidation principles
The consolidated accounts have been prepared in accordance with acquisition accounting, which means that the acquisition value of shares in a subsidiary is eliminated against the shareholders' equity existing within each subsidiary at the time of acquisition, including the estimated share of equity in untaxed reserves. The estimated tax liability for untaxed reserves belonging to the acquired company is reported under provisions. The shareholders' equity of the acquired company is determined on the basis of a valuation on market terms of assets and liabilities at the time of acquisition. If the acquisition value of the shares exceeds the market value of the acquired company's net assets, consolidated goodwill exists. This method means that only the share of equity within the subsidiaries generated after the acquisition is included in the Group's shareholders' equity. The associated company is reported in accordance with the equity method.

Translation of foreign subsidiaries
The accounts of foreign subsidiaries included in the consolidated accounts have been converted pursuant to the current method. This means that the subsidiary's total assets and liabilities are converted into SEK using the exchange rate applying on the balance sheet date, and all items in the income statement are converted using the average rate for the year.

INCOME RECOGNITION

Net sales
Trio's income comes from licence revenues and services in the form of installation revenues, as well as income from training, support and consulting services.

Income from major fixed-price projects
Major fixed-price projects are reported in accordance with the principle of gradual income recognition, whereby income from major projects is recognised as such at the rate at which they are completed. The rate of completion is established by assessing the services performed in relation to the estimated total work performed and the relationship between accrued expenses and estimated total expenses on the balance sheet date. There were no major fixed-price projects in progress on the balance sheet date.

Income from smaller fixed-price projects and projects debited on a current account
Training and consulting services on current accounts and smaller fixed-price projects are booked as income as the customers are invoiced, which usually coincides with the period following the performance of the service.

Receivables
Receivables are reported at the lower of the nominal value or the payment amount expected.

Receivables and liabilities in foreign currencies
Receivables and liabilities in foreign currencies on the closing date are valued at the rate applying on the balance sheet date.

Stock
Stock is valued in accordance with the first-in-first-out principle (FIFO). This means that stock is reported at the lower of acquisition value based on FIFO or actual value.

Reporting development costs
Development costs total SEK 27.5 million, of which SEK 0.9 is considered to meet the criteria for capitalisation. The remaining expenses are booked on an ongoing basis. See Notes 4 and 14. The capitalised development costs are for a project designed to develop and deliver a product in the Trio Mobile Office product area. A further SEK 1.7 million in development costs are expected to be incurred in 2003. The company plans to sell the product to a significant number of mobile operator customers in 2003–2004.

Depreciation and amortisation principles
Machinery and equipment are divided into two groups, Equipment and vehicles, and Computers and production machinery. Equipment and vehicles are depreciated over five years. Computers and production machinery, on the other hand, are depreciated over three. Goodwill relating to units acquired in 1997 has been jointly considered to be of strategic value to the Group, and is thus amortised over ten years. Abacus Solutions Oy was acquired at the end of 1999 and changed its name to Trio Network Solutions Oy. The acquisition was made at a time when the stock market's valuation of both Trio and other companies in the industry was significantly higher than that applying at the end of 2000. Trio's Board of Directors believes that there has been a radical change in the valuation of the industry as a whole. The Board therefore decided in 2000 to adjust the value of the acquired company as reported in the balance sheet to prevailing market conditions by performing a one-off write-down of goodwill in the amount of SEK 74.8 million, and to perform a further one-off write-down of the company's remaining goodwill totalling SEK 41.6 million, since the company is active in an emerging market that is undergoing development.

Capitalised development costs are depreciated as and when new projects that include the product are delivered. Development costs capitalised on the balance sheet date are expected to be fully depreciated by 2004.

Definitions of key figures

Earnings per share before goodwill amortisation
Operating profit/loss before goodwill amortisation divided by the weighted average of shares outstanding during the year.

Earnings per share for the year
Profit/loss after actual tax divided by the average number of shares.

Equity per share
Shareholders' equity at year-end divided by the number of shares at year-end.

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

Average number of shares
Before dilution: Weighted average of the number of outstanding shares for the period. The weighted average consists of the number of shares at the beginning of the period, adjusted for new share issues and buy-backs/redemptions performed during the period, multiplied by the number of days for which the shares were outstanding in relation to the total number of days in the period. *After dilution:* As above, but with the addition of directed new share issues and outstanding warrants programmes.

Notes to the accounts (SEK MILLION)

Note 1 INCOME STATEMENT BY BUSINESS FUNCTION

The Group applies the breakdown by business function approach to its income statement, whereby direct costs are broken down into Cost of goods sold, Selling expenses, Administrative expenses and Development costs. The Cost of goods sold includes material and production costs, as well as installation, support and training staff costs. Indirect costs, such as costs for premises and internal systems, are included under the respective cost item in accordance with the respective function's share of the total costs.

Note 2 NET SALES PER PRODUCT AREA

The Group	**2002***	**2001***
Trio PresentOffice	62.4	80.2
Trio Mobile Office	60.9	58.7
Objecta TeleVoice	19.3	26.3
Total	**142.6**	**165.2**
The Parent Company		
Trio PresentOffice	3.8	7.1
Trio Mobile Office	16.1	44.2
Objecta TeleVoice	–	–
Total	**19.9**	**51.3**

*In 2002, the development and sales of the Trio Network Attendant product were transferred from Trio PresentOffice to Trio Mobile Office. Net sales are consequently reported pro forma in the Trio PresentOffice and Trio Mobile Office product areas for 2001, as well as Q1 and Q2 of 2002. This change means that Trio PresentOffice's net sales for 2001 have fallen by SEK 10.4 million and that Trio Mobile Office's net sales have risen by SEK 10.4 million in the figures for both the Group and the Parent Company.

Net sales break down by geographic market as follows:

	2002	**2001**
Sweden	74.2	124.8
The remaining Nordic region	67.3	40.4
Other markets	1.1	–
Total	**142.6**	**165.2**

The item Net sales includes assignment income of SEK 5.2 million (SEK 40.0 m) for major fixed-price projects.

Purchases and sales between Group companies
Of the year's purchases at the Parent Company, 99% (100%) relates to purchases from other Group companies. Of the year's sales, 20% (0%) relates to sales to other Group companies.

The Parent Company invoiced subsidiaries for Group-wide services. Pricing followed market valuation principles.

Note 3 DEPRECIATION

Depreciation according to plan broken down by asset and function:

The Group	**2002** Fixed assets	**2001** Fixed assets
Cost of goods sold	0.5	0.3
Selling expenses	0.7	0.4
Administrative expenses	0.7	1.7
Development costs	0.4	0.2
Total	**2.3**	**2.6**
The Parent Company		
Cost of goods sold	0.2	0.2
Administrative expenses	0.3	0.2
Development costs	0.1	0.0
Total	**0.6**	**0.4**

Note 4 DEVELOPMENT COSTS

The Group	**2002**	**2001**
Expensed development work	26.6	34.3
Depreciation for the year, capitalised development work	–	–
Total development costs	**26.6**	**34.3**
The Parent Company		
Expensed development work	12.5	0.3
Depreciation for the year, capitalised development work	–	–
Total development costs	**12.5**	**0.3**

Note 5 OTHER OPERATING INCOME

The Group	**2002**	**2001**
Operational exchange rate differences	1.1	0.1
Total	**1.1**	**0.1**
The Parent Company		
Capital gains on the sale of shares in BVRP	0.1	–
Operational exchange rate differences	0.3	0.9
Total	**0.4**	**0.9**

Note 6 EXCHANGE RATE DIFFERENCES

The Group	**2002**	**2001**
Exchange rate gains	2.3	0.8
Exchange rate losses	–1.2	–0.6
Total	**1.1**	**0.2**
The Parent Company		
Exchange rate gains	1.1	1.3
Exchange rate losses	–0.8	–0.4
Summa	**0.3**	**0.9**

Note 7 ITEMS AFFECTING COMPARABILITY

The Group	**2002**	**2001**
Restructuring costs	–8.0	–
Capital gains on the sale of development operations	–	6.6
Capital gains on the sale of intangible rights	5.8	–
Write-down of shares in BVRP	–	–2.1
Total	**–2.2**	**4.5**

he restructuring costs stem from the action programme in the Trio PresentOffice and Objecta TeleVoice product areas aimed at adapting the company's operations to the prevailing market climate. They involved reducing the number of employees by 20.

Capital gains on the sale of intangible assets stem from the sale of the Trio Telemanagement software.

The Parent Company		
Restructuring costs	–2.4	–
Capital losses on the sale of development operations	–	–2.6
Write-down of shares in BVRP	–	–2.1
Total	**–2.4**	**–4.7**

Note 8 PROFIT/LOSS FROM PARTICIPATIONS IN ASSOCIATED COMPANIES

The Group	**2002**	**2001**
Write-downs of additional acquisition costs	–1.1	–
Share in the profit/loss of associated company*	–4.5	–
Depreciation	–0.6	–
Total	**–6.2**	–

* Reported with a delay of one quarter.

Note 9 INTEREST INCOME AND SIMILAR PROFIT/LOSS ITEMS

The Group	2002	2001
Interest income	1.3	3.0
Financial exchange rate differences	0.2	0.1
Summa	**1.5**	**3.1**
The Parent Company		
Interest income	0.6	2.6
Interest income from Group receivables	–	–
Total	**0.6**	**2.6**

Note 10 TAX ON PROFIT FOR THE YEAR

The Group	2002	2001
Current tax	0.0	0.0
Adjusted tax, previous years	0.0	0.1
Deferred tax	0.3	–0.1
Total	**0.3**	**0.0**

Since the Group is encumbered with a deficit, tables showing the difference between the nominal tax rate and the effective tax rate are not relevant. Deferred tax income is attributable to the Norwegian subsidiary, and to untaxed reserves in the Finnish subsidiary. The Group has a reported deferred tax receivable of SEK 0.2 million (SEK 0 m) relating to a deficit deduction in Norway.

The Group has an unreported deferred tax receivable of SEK 96.6 million (SEK 82.1 m), which breaks down as follows:

	2002	2001
Unutilised deficits	93.4	72.8
Write-down of shares in Group companies	2.9	8.1
Write-down of receivable from Group companies	–	0.6
Restructuring costs	0.1	0.0
Write-down of shares in other companies	–	0.6
Anticipated bad debt losses	0.2	0.0
Total	**96.6**	**82.1**

Current fiscal deficit deductions that can be utilised for an indefinite period totalled SEK 334.4 in 2002 and SEK 263.2 million in 2001.
The Group's deferred tax liability totals SEK 0 million, which breaks down as follows:

	2002	2001
Adjusted tax, previous years	0.0	–
Untaxed reserves	–	0.1
Total	**0.0**	**0.1**

The Parent Company
The company has neither tax costs nor tax income.The company has an unreported deferred tax receivable of SEK 84.7 million (SEK 74.1m) which breaks down as follows:

	2002	2001
Unutilised deficits	81.8	64.8
Write-down of shares in Group companies	2.9	8.1
Write-down of receivable from Group companies	–	0.6
Write-down of shares in other companies	–	0.6
Total	**84.7**	**74.1**

Current fiscal deficit deductions that can be utilised for an indefinite period totalled SEK 292.0 million in 2002 and SEK 231.3 million in 2001.

Note 11 PARTICIPATIONS IN ASSOCIATED COMPANIES

Shares are reported in accordance with the equity method.

The Group

Company	Reg. Office	No. of shares	Shareholders' equity	Profit/loss for the year*	Share of capital	Share of votes
Netwise AB, 556604-4286	Danderyd	75,000 A-aktier, 1,354,285 B-aktier	31.8	–8.4	32%	26%

Book value	Trios share of Netwise shareholders' equity	Trios share of Netwise liabilities
13.1	10.2	11.8

The Group's shareholders' equity is SEK 4.5 million lower than if the shares had been reported in accordance with the acquisition value method. See also Note 8.

The market value of Trio's share of Netwise Class B shares was SEK 8.3 million, based on average transactions in December. There were no transactions on 30 December 2002. The estimated discount cash flow value exceeds the book value. The non-cash issue performed when shares in Netwise AB were acquired was booked in the consolidated accounts at the time of the acquisition at the market value of the issued shares pursuant to recommendation RR 1:00 of the Swedish Financial Accounting Standards Council. For the Parent Company, the issue was booked using the decided issue price, which is lower than the market value.

The Parent Company

Company	Book value	Share of shareholders' equity	Share in year's loss*	Share of capital	Share of votes
Netwise AB, 556604-4286	10.8	10.2	–2.7	32%	26%

* Refers to 2002 as a whole. Compare Note 19.

Note 12 ACQUISITIONS OF SUBSIDIARIES AND SALES OF OTHER OPERATIONS

	2002	2001
Acquisition of subsidiaries in Denmark		
Purchase sum	–	0.6
Share of purchase sum paid in the form of liquid assets	–	100%
Capital structure of acquired units		
Purchase sum	–	0.6
Share of purchase sum paid in the form of liquid assets	–	0.6
Sale of other operations		
Purchase sum	–	22.5
Share of purchase sum paid in the form of liquid assets. See also Note 24.	–	93.3%
Capital structure of units sold		
Tangible fixed assets	–	0.9
Current liabilities	–	1.3

The sale during the previous year refers to the development operations sold to Technology Nexus AB.

Note 13 LIQUID ASSETS AT YEAR-END

The Group	2002	2001
Cash and bank balances	27.3	61.7
Current investments	1.9	–
Amount at year-end	**29.2**	**61.7**

The following transactions that do not affect the cash flow were completed during the year:
– Acquisition of the associated company Netwise AB, see Note 19, of which SEK 13.5 million did not affect the cash flow.

The Parent Company		
Cash and bank balances	10.3	51.0
Amount at year-end	**10.3**	**51.0**

The following transactions that do not affect the cash flow were completed during the year:
– Acquisition of the associated company Netwise AB, see Note 19, of which SEK 6.0 million did not affect the cash flow.

Financing policy
Trio's financing policy with regard to liquid assets is to invest them in short-term interest-bearing securities. Longer-term investments are classified as financial assets, not liquid assets.

Note 14 CAPITALISED EXPENDITURE FOR DEVELOPMENT COST

The Group and the Parent Company	2002	2001
Opening acquisition value	–	–
Acquisitions	0.9	–
Depreciation	–	–
Closing book value	**0.9**	**–**

This refers to a project aimed at developing and delivering a product in the Trio Mobile Office product area. The total development costs that can be capitalised are estimated to come to SEK 2.6 million. The company plans to sell the product to a significant number of mobile operator customers in 2003–2004.

Note 15 PATENTS AND BRANDS

The Group	2002	2001
Opening acquisition value	1.8	1.8
Acquisitions	0.4	–
Closing accumulated acquisition value	**2.2**	**1.8**
Opening depreciation	–0.7	–0.6
Depreciation for the year	–0.2	–0.1
Closing accumulated depreciation	**–0.9**	**–0.7**
Closing book value	**1.3**	**1.1**
The Parent Company		
Opening acquisition value	1.8	1.8
Acquisition	0.4	–
Closing accumulated acquisition value	**2.2**	**1.8**
Opening depreciation	–0.7	–0.6
Depreciation for the year	–0.2	–0.1
Closing accumulated depreciation	**–0.9**	**–0.7**
Closing book value	**1.3**	**1.1**

Note 16 LEASEHOLDS AND SIMILAR RIGHTS

The Group	2002	2001
Opening acquisition value	0.3	0.3
Sales for the year	–0.3	–
Depreciation for the year	–	–
Book value	–	**0.3**

Note 17 GOODWILL

The Group	2002	2001
Opening acquisition value	176.9	176.9
Acquisitions	–	–
Closing accumulated acquisition value	**176.9**	**176.9**
Opening amortisation	–43.3	–40.3
Amortisation for the year	–3.0	–3.0
Closing accumulated amortisation	**–46.3**	**–43.3**
Opening write-downs	–116.4	–116.4
Write-downs for the year	–	–
Closing accumulated write-downs	**–116.4**	**–116.4**
Closing book value	**14.2**	**17.2**

Goodwill refers to the acquisition of Trio Enterprise AB (1997). and Trio Network Solutions Oy (1999), as well as the operations in Objecta Data and Elektronik AB (1997). Goodwill relating to Trio Network Solutions Oy has been written down in its entirety. The remaining amortisation period for other goodwill is 4.5–5 years .

The Parent Company		
Opening acquisition value	19.0	19.0
Acquisitions	5.0	0.0
Closing accumulated acquisition value	**24.0**	**19.0**
Opening amortisation	–7.8	–5.9
Amortisation for the year	–2.0	–1.9
Closing accumulated amortisation	**–9.8**	**–7.8**
Opening write-downs	–	–
Write-down for the year	–2.5	–
Closing accumulated write-downs	**–2.5**	**0.0**
Closing book value	**11.7**	**11.2**

Goodwill refers to the acquisition of Objecta Data and Elektronik AB (1997). During 2002, Trio acquired the development operations of the subsidiary, Objecta Systems AB, paying the market price. The acquisition entailed goodwill of SEK 5.0 million. Previous goodwill for the same operations totalling SEK 2.5 million has been written down in its entirety. The remaining amortisation period is 4.5–5 years .

Note 18 EQUIPMENT AND COMPUTERS

The Group	2002	2001
Opening acquisition value	18.8	19.7
Purchases	0.7	1.9
Sales/disposals	–2.1	–3.4
Currency conversion	0.0	0.6
Closing accumulated acquisition value	**17.4**	**18.8**
Opening depreciation	14.5	14.2
Sales/disposals	–1.9	–2.6
Depreciation for the year	2.1	2.6
Currency conversion	0.0	0.3
Closing accumulated depreciation	**14.7**	**14.5**
Utgående planenligt restvärde	**2.7**	**4.3**
The Parent Company		
Opening acquisition value	3.7	3.4
Purchases	0.5	0.6
Sales/disposals	–0.1	–0.3
Closing accumulated acquisition value	**4.1**	**3.7**
Opening depreciation	2.9	2.8
Sales/disposals	–	–0.3
Depreciation for the year	0.4	0.4
Closing accumulated depreciation	**3.3**	**2.9**
Closing residual value according to plan	**0.8**	**0.8**

Note 19 FINANCIAL FIXED ASSETS

The Group	2002	2001
Participations in associated companies		
Opening acquisition value	–	–
Acquisitions	19.3	–
Share in profit/loss of associated companies*	–4.5	–
Depreciation	–0.6	–
Write-down of additional acquisition costs	–1.1	–
Closing book value	**13.1**	–

* The share in the profit/loss is booked with a delay of one quarter and refers to the period January-September 2002.

The Board of Directors of Trio AB (publ) decided to extend a public offering to the shareholders of Netwise AB (publ) and to holders of warrants issued by Netwise AB (publ) to sell their shares and warrants to Trio. The offering resulted in Trio acquiring 75,000 Class A shares and 1,354,285 Class B shares. Bearing in mind the general market conditions, additional acquisition costs have been written down.

Other long-term securities held		
Opening acquisition value	4.2	4.2
20.,000 shares in BVRP Software S.A..	–	–
Sales	–4.2	–
Closing accumulated acquisition value	–	**4.2**
Opening write-downs	–2.7	–
Reversed write-downs for the year	2.7	–2.7
Closing accumulated write-downs	–	**–2.7**
Closing book value	–	**1.5**
Receivable from Technology Nexus AB	1.0	1.0
Amortisation for the year	–0.5	–
Total receivables	**0.5**	**1.0**
Total financial fixed assets	**13.6**	**2.5**

The Parent Company		
Participations in associated companies		
Opening acquisition value	–	–
Acquisitions	7.9	–
Acquisition costs	2.9	–
Closing book value	**10.8**	**0**
Other long-term securities held		
Opening acquisition value	4.2	4.2
20,000 shares in BVRP Software S.A..	–	–
Sales	–4.2	
Closing accumulated acquisition value	–	**4.2**
Opening write-downs	–2.7	–
Reversed write-downs for the year	2.7	–2.7
Closing accumulated write-downs	–	**–2.7**
Closing book value	–	**1.5**
Total financial fixed assets	**10.8**	**1.5**

For information concerning shares in Group companies, see Note 26.

Note 20 PRE-PAID EXPENSES AND ACCRUED INCOME

The Group	**2002**	**2001**
Accrued income	6.3	6.3
Pre-paid rent	2.1	2.4
Pre-paid insurance expenses	0.4	0.5
Acquisition-related expenses	–	2.9
Other	2.5	1.6
Total	**11.3**	**13.7**
The Parent Company		
Accrued income	2.2	–
Pre-paid rent	0.7	0.6
Acquisition-related expenses	–	2.9
Other	0.9	0.9
Total	**3.8**	**4.4**

Note 21 SHAREHOLDERS' EQUITY

The Group	Share-capital	Restricted reserves	Accumulated loss	Loss for the year	Total Shareholders' equity
Amount on 1 January 2002	59.1	231.5	–161.9	–25.0	103.7
Appropriation of profit/loss according to decision and transfer between restricted and non-restricted reserves *		–156.6	131.6	25.0	0.0
New share issue	5.0	8.6			13.6
Translation differences, etc.			0.6		0.6
Profit/loss for the year				–48.7	–48.7
Amount on 31 Dec. 2002	64.1	83.5	–29.7	–48.7	69.2

* The increase in shareholders' equity for the Group arising from the non-cash issue in conjunction with the acquisition of Trio Network Solutions Oy (formerly Abacus Solutions Oy) has been used to cover the write-down charged to the result in previous years in respect of goodwill for the acquisition of Trio Network Solutions Oy.

The Parent Company	Share capital	Share premium reserves	Accumulated loss	Loss for the year	Total shareholders' equity
Amount on 1 January 2002	59.1	93.1	0.0	–17.9	134.3
New share issue	5.0	1.0			6.0
Appropriation of profit/loss. according to decision by the AGM		–17.9		17.9	0.0
Profit/loss for the year				–34.4	–34.4
Amount on 31 Dec. 2002	64.1	76.2	0.0	–34.4	105.9

The share capital comprises 64,082,777 shares (59,065,280) with a nominal value of SEK 1 for which full payment has been made. The new share issue refers to 5,017,497 shares directed at previous shareholders of Netwise AB in exchange for shares in Netwise AB.

Note 22 LONG-TERM LIABILITIES

The Group has two different warrants programmes for the staff. The terms and conditions are specified below.

Overview Type	Subscription price	Subscription period	Number of warrants	Remaining warrents owned by the company
Employee warrants	SEK 4.86	1 Jan 2002–31 Dec, 2004	6,500,000	946,024
Teckningsoptioner	SEK 5.80	1 Jan 2004–31 June, 2004	1,500,000	1,000,000

If the warrants are fully exercised, the dilution effect corresponds to 11.1 per cent of the share capital and voting rights. Shareholders' equity increases by SEK 40.3 million and the share capital by SEK 8.0 million. Once the staff warrants are fully exercised, the number of shares will be 72,082,777.

Note 23 ACCRUED COSTS AND DEFERRED INCOME

The Group	**2002**	**2001**
Deferred income	6.7	6.0
Staff-related costs	8.3	8.9
Other	4.9	8.5
Total	**19.9**	**23.4**
The Parent Company		
Deferred income	1.1	–
Staff-related costs	1.9	1.5
Other	1.0	2.3
Total	**4.0**	**3.8**

Note 24 PLEDGED ASSETS AND CONTINGENT LIABILITIES

The Group	**2002**	**2001**
Guarantees for leased cars	8.5	8.5
Guarantees for subsidiaries	2.7	2.7
Accounts receivable pledged for factoring	5.6	–
Total	**11.2**	**11.2**
The Parent Company		
Guarantees for leased cars	8.5	8.5
Guarantees for subsidiaries	2.7	2.7
Total	**11.2**	**11.2**

In addition, the company has a delivery guarantee for a subsidiary in Norway. The company also has an undertaking to order consulting services from Technology Nexus AB for a total of SEK 60 million up to and including May 2004. On the balance sheet date, around 70% of this undertaking had been fulfilled. The above items are not expected to entail any outflow over and above payment for the consulting services provided.

Note 26 PARTICIPATIONS IN GROUP COMPANIES

Company	Reg. Office	Corporate ID no.	No. of participations	Acquisition value, sek thousands	Book value, sek	Percentage share
Trio Enterprise AB	Stockholm	556249-9847	5,000	92,550	15,000	100%
Trio Personal AB	Stockholm	556542-8132	10,000	2,051	2,051	100%
Objecta Systems AB	Stockholm	556377-7258	10,000	5,084	1,584	100%
Trio Business Technology AB	Stockholm	556603-1281	1,000	7,150	100	100%
Trio Network Solutions Oy *)	Helsinki	733.357	14,705	36,015	36,015	100%
Trio Norge AS	Oslo	982.261.562	1,000	1,231	1,231	100%
Trio Danmark A/S	Århus	26191718	550	3,629	3 629	100%
Total				**147,710**	**59,610**	

The Parent Company	**2002**	**2001**
Opening acquisition value	163.8	149.9
Close-down of subsidiary, Trio Information Systems. Inc.	–23.4	–
Purchases	–	0.6
Group contributions made	3.2	8.4
Shareholders' contributions made	–	4.0
New share issue	4.1	0.9
Closing accumulated acquisition value	147.7	163.8
Opening write-downs	–106.8	–98.4
Close-down of subsidiary, Trio Information Systems. Inc.	23.4	–
Write-down of Group contribution made during the year	–3.2	–8.4
Write-down for the year	–1.5	–
Closing accumulated write-downs	–88.1	–106.8
Closing book value	59.6	57.0

*Trio Network Solutions Oy
The non-cash issue performed when Trio Network Solutions Oy was acquired was booked in the consolidated accounts at the time of acquisition at the market value of the issued shares pursuant to recommendation RR:1 00 of the Swedish Financial Accounting Standards Council. The Parent Company has booked the issue in the amount of the decided issue price, which is below the market value.

Note 27 NUMBER OF EMPLOYEES, SALARIES AND REMUNERATION

The Group had an average of 105 (126) employees, of whom 26 (31) were women and 79 (95) men, broken down by company as follows:

	2002		2001	
	No of employees	Of whom women	No of employees	Of whom women
The Parent Company				
Trio AB	19	35.3%	16	51.6%
Subsidiaries				
Trio Enterprise AB	31	25.0%	38	20.3%
Objecta Systems AB	15	9.3%	24	19.2%
Trio Business Technology AB	–	–	11	20.4%
Trio Norge AS	6	17.6%	6	16.7%
Trio Danmark A/S	3	–	2	0.0%
Trio Network Solutions Oy	31	27.2%	29	24.1%
Total subsidiaries	86	21.7%	110	20.5%
The Group	105	24.2%	126	24.4%

The Group had employees in the following countries:

	2002		2001	
	No of employees	Of whom women	No of employees	Of whom women
Sweden	65	24.4%	89	25.6%
Finland	31	27.2%	29	24.1%
Norway	6	17.6%	6	16.7%
Denmark	3	–	2	–
The Group	105	24.2%	126	24.4%

The following amounts were paid in salaries, other remuneration and payroll overheads:

	2002		2001	
	Salaries and other remuneration	Payroll overheads (of which pension cost)	Salaries and other remuneration	Payroll overheads (of which pension cost)
The Parent Company				
Trio AB	12.9	7.7 (2.6)*	10.7	5.6 * (1.6)*
Subsidiaries				
Trio Enterprise AB	14.5	7.3 (1.7)	21.7	10.7 (3.0)
Objecta Systems AB	7.1	3.7 (1.0)	10.6	5.1 (1.2)
Trio Business Technology AB	–	–	6.2	3.1 (0.8)
Trio Norge AS	4.8	1.5 (0.4)	5.2	1.0 (0.4)
Trio Danmark A/S	2.0	0.4 (0.4)	–	–
Trio Network Solutions 0y	13.7	2.9 (2.4)	12.6	3.1 (2.0)
Group total	55.0	23.5 (8.5)**	67.0	28.6 (9.0)**

* SEK 0.3 million (SEK 0.2 m) of the Parent Company's pension costs relate to the Group's Board of Directors and President.

** SEK 0.5 million (SEK 1.0 m) of the Group's pension costs relate to the Group's Board of Directors and President.

The above amounts include severance pay of SEK 3.6 million (SEK 5.2 m), which has been paid to 'Other employees' in its entirety. These costs have been booked as Items affecting comparability in the income statement. See also Note 7.

Salaries and other remuneration broken down by country and between Board members etc., and other employees:

	2002		2001	
	Board and President (of which bonuses)	Other employees	Board and President (of which bonuses)	Other employees
The Parent Company				
Sweden	2.0	11.5	2.9	8.1
Subsidiaries in Sweden	0.3	21.3	1.2	37.3
Subsidiaries abroad				
Norway	1.3	3.5	1.2	4.0
Denmark	–	2.0	–	–
Finland	0.5	13.2	1.3	11.3
Group total	**4.1**	**51.5**	**6.6**	**60.7**

Note 28 REMUNERATION TO SENIOR EXECUTIVES

Principles

The fees paid to the Chairman of the Board and the Board members follow the resolution passed by the Annual General Meeting. Remuneration to the President and other senior executives comprise a basic salary, variable remuneration, other benefits, a pension and financial instruments, etc. 'Other senior executives' refers to the three people who, together with the President, make up the Group management. The composition of the Group management is specified on page 34. The proportion of basic salary to variable remuneration varies according to the responsibility and authority of the senior executive in question. The President's variable remuneration is a maximum of 40% of his basic salary. For other senior executives, the variable remuneration is limited to 25-40% of their basic salary. Variable remuneration is based on performance in relation to individual goals. Pension benefits and remuneration in the form of financial instruments, etc., as well as other benefits enjoyed by the President and other senior executives constitute part of the overall remuneration package.

Remuneration and other benefits during the year

	Basic salary/ board fee	Variable remuneration	Other benefits	Pension-costs	Total
Chairman of the Board	0.2	–	–	–	0.2
Other Board members	0.4	–	–	–	0.4
President	1.4	–	0.1	0.3	1.8
Other senior executives (3 people)	2.7	0.1	0.1	0.7	3.6
Total	**4.7**	**0.1**	**0.2**	**1.0**	**6.0**

Comments on the table

For information regarding the calculation of bonuses, see below.
'Other benefits' refers to company cars.

Pension schemes

The Group has both premium-based and benefit-based pension schemes. The President and other senior executives have benefit-based pension schemes. Pension costs refer to costs that have had an impact on the year's financial results. For more information regarding pensions, see below.

The President and other senior executives did not receive any financial instruments during the 2002 financial year. The Chairman of the Board did not receive any remuneration over and above his Board fees.

Bonuses

One quarter of the President's bonus for 2002 was based on the Group's operating profit/loss, while one quarter was based on the Group's net sales. The remainder was based on individual goals set by the Board of Directors. During the 2002 financial year, no bonus was paid to the President. Half of the bonus payable to other senior executives is based on net sales targets and on their individual areas of responsibility, while the other half is based on the operating profit/loss and personal goals. Bonuses paid to other senior executives in 2002 corresponded to 2% of their basic salary.

Financial instruments, etc

Programmes from previous years	Warrants to subscribe 2001/2004 Number	Warrants to subscribe 2001/2004 Number
President	500,000	250,000
Other senior executives	0	450,000
Total	**500,000**	**700,000**

Comments on the table

The President and other senior executives did not receive any financial instruments during the 2002 financial year. On 31 December 2002, the President held warrants to subscribe from the 2001/2004 programme. Senior executives held warrants to subscribe from the 2001/2004 programme. Other programmes from previous years have been terminated. Senior executives have received their staff warrants free of charge. The redemption price for purchasing a share using a staff warrant is SEK 4.86 SEK. The President has acquired warrants to subscribe at their market value. The value of warrants to subscribe was estimated to be SEK 1.23 per warrant at the time of their allocation. The warrants can be exercised to subscribe for shares at a subscription price of SEK 5.80 per share. The terms and conditions of these warrants programmes are outlined in Note 22.

Pensions

Benefit-based pensions

The ordinary retirement age for the President and other senior executives is 65. The President and other senior executives are all covered by the ITP scheme in accordance with applicable collective agreements.

The President and other senior executives have taken the opportunity to sign alternative ITP schemes for salary amounts exceeding 7.5 times the basic amount for social security purposes. The salary on which pensions are based is the basic salary, as well as the average of the variable remuneration paid over the last three years.

Pension premiums are not payable on salary amounts exceeding 30 times the basic amount. All pension benefits are vested, i.e. not conditional on future employment.

Severance pay

The period of notice applying between the President and the company is 12 months if notice is given by the company, and 6 months if notice is given by the President. There are no severance pay agreements either in the event of notice given by the company, or in the event of notice given by the President. The period of notice applying between the company and other senior executives is 6 months if notice is given by the employee, and 6-12 months if notice is given by the company. There are no severance pay agreements either in the event of notice given by the company, or in the event of notice given by the employee.

Discussion and decision-making process

The Board of Directors has discussed the principles applying to remuneration for senior executives. These principles involve the proportion of fixed remuneration and variable remuneration to the size of any salary increases. The Board of Directors has also established criteria governing bonus payments, the allocation and size of remuneration in the form of financial instruments, etc., and pension terms and severance pay. The Board of Directors has also passed a resolution concerning the principles. Remuneration to the President for the 2002 financial year was decided by the Chairman of the Board, who based his decision on the principles established by the Board of Directors. Remuneration to other senior executives was decided by the President after consultation with the Chairman of the Board.

Note 29 INFORMATION ON AUDITORS' FEES

Fees to the company's auditor and accounting firm have been paid as follows:

The Group	**2002**	**2001**
For the audit and for advisory services and other assistance necessitated by observations made during the audit	0.4	0.3
For other advisory services, assistance, etc.	0.6	0.5
Total	**1.0**	**0.8**
The Parent Company		
For the audit and for advisory services and other assistance necessitated by observations made during the audit	0.2	0.2
For other advisory services, assistance, etc.	0.5	0.5
Total	**0.7**	**0.7**

Note 30 LEASING AGREEMENTS

The following operational leasing agreements were concluded:

	Machinery/ equipment	Premises
The Groupe		
Fees that fall due in		
2003	2.7	8.2
2004–2007	3.0	13.8
2008 or later	–	–
The Parent Company		
Fees that fall due in		
2003	0.8	6.1
2004–2007	0.8	13.7
2008 or later	–	–

These fees are based on existing agreements. The agreements for machinery and equipment cover office machinery and cars leased on the customary terms. The term 'Premises' refers to leased office space.

Audit report

To the Annual General Meeting of Trio AB
Swedish corporate identity number 556439-0341

We have examined the annual accounts, the consolidated accounts, the accounting records and the administration by the Board of Directors and the President of Trio AB for the 2002 financial year. Our responsibility is to express an opinion about the annual accounts, the consolidated accounts and the administration on the basis of our audit.

The audit has been conducted in accordance with generally accepted auditing standards in Sweden. These standards require us to 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 President, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. We have examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the President, and whether they have in any other way acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion, as set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and thus provide a fair and accurate picture of the company's and the Group's financial results and position in accordance with generally accepted auditing standards in Sweden.

We recommend that the Annual General Meeting should adopt the income statements and balance sheets for the Parent Company and the Group, handle the Parent Company's loss in accordance with the proposal made in the Directors' Report and discharge the members of the Board and the President from liability for the financial year.

Stockholm 20 March 2002
Ernst & Young AB

Anders Wiger
Authorised Public Accountant

The Board of Directors, Group Management and Auditor


Christian H Thommessen


Ion Bogdaneris


Tomas Duffy


Olof Englund


Sverker Hannervall


Per Grönwall


Thomas Doyon


Mats Plahn

The Board of Directors

Christian H. Thommessen, Chairman of the Board.
Born in 1957. Board Member since October 2001.
Chairman of the Board of Opera Software asa, the Fellesforum for e-commerce at the Norwegian Ministry of Industry, Employment and Communications, the Norwegian Save the Children's Fund, Sollund a.s., Constantia a.s. and Spinta a.s. Board Member of Kistefos asa., Kistefos Venture Capital a.s., the Save the Children global alliance and NTNU (the Norwegian University of Science and Technology). Formerly President of IBM Norway and IBM Global Network Europe, Middle East & Africa.
Holding in Trio: 0 shares.

Ion Bogdaneris
Born in 1958. Board member since 2000.
Chairman of the Board of Atex Media.
Holding in Trio: 0 shares.

Tomas Duffy
Born in 1955. Board member since 2002.
President of Net Insight AB. Tomas Duffy was previously part of the senior executive management at Telia and the senior management at Mannesmann Telecom.
Holding in Trio: 0 shares.

Olof Englund
Born in 1954. Board member since 2000.
Chairman of the Board of Visuera Integration AB. Member of the Boards of Frontec AB, Bluelabs AB, Eurostep AB, Infocar AB and MD Telecom Inc. Co-founder of Frontec AB, held various senior management positions between 1981 and 2000.
Holding in Trio: 0 shares.

Group management

Sverker Hannervall
President and CEO. Born in 1960.
President since 2001. Formerly Head of Marketing at Telelogic. Graduate civil engineer, KTH (the Swedish Royal Institute of Technology).
Holding in Trio: 0 shares. Staff warrants corresponding to 250,000 shares and warrants to subscribe for 500,000 shares.

Per Grönwall
Chief Financial Officer. Born in 1959. Employed since 2001. Formerly Head of Finance at Elekta. MBA from Lund University. Bachelor of Economics, Washington State University.
Holding in Trio: 0 shares. Staff warrants corresponding to 150,000 shares.

Thomas Doyon
Vice President, Trio Enterprise. Born in 1965. Employed since 2001. Formerly Sales Director at Telia Megacom. MBA from Lund University. Executive MBA from the Stockholm School of Economics.
Holding in Trio: 3,000 shares. Staff warrants corresponding to 150,000 shares.

Mats Plahn
Chief Technical Officer and Vice President Sales, Trio Mobile Office. Born in 1964. Employed since 2001. Formerly senior consultant at the Sigma companies operating in the telecoms sector. Graduate civil engineer, KTH (The Swedish Royal Institute of Technology).
Holding in Trio: 0 shares. Staff warrants corresponding to 150,000 shares.

Auditor

Ernst & Young AB, principal auditor Anders Wiger. Born in 1951. Trio's auditor since 1996. The principal auditor is an authorised public accountant.
Holding in Trio: 0 shares

Glossary and addresses

Auto attendant enables a recorded voice to read out information from Trio's dynamic company directory, such as "Sven Svensson is at lunch and will be back at 2.30 p.m."

Automatic Call Distribution is a call centre solution for mobile environments offered as a service by mobile operators.

Contact and call centre. See Trio TeleVoice Agent.

Centrex involves replacing company switches with equipment in a telecoms operator's network. Switch functions are offered on a subscription basis. See Trio Mobicentrex.

Call forwarding is a function that is central to Trio PresentOffice and Trio Network Attendant and defines the ways and times that employees are available. It is based on a database – a dynamic company directory – that is updated by the employees. The database can be updated in several ways, one of which is fully automatic and uses Microsoft Outlook and Lotus Notes. The information is available to both colleagues and switchboard attendants, thus raising both customer service and internal efficiency levels.

Integrated telephony involves integrating fixed, mobile and IP telephony into a single virtual telephony system with shared attendant support. Mobile phone users thus have access to the same service and range of telephony functions as employees in the office with fixed telephones connected to a switchboard. Trio offers integrated telephony through a combination of Trio Mobicentrex and Trio PresentOffice, as well as Trio PresentOffice Mobile Edition.

IP telephony at companies enables voice telephony to use the same networks as data traffic. Trio PresentOffice gives IP telephony access to the same high level of attendant and forwarding functionality as in traditional fixed corporate telephony and can also integrate IP telephony with fixed and mobile telephony in virtual networks.

Objecta TeleVoice is a product family covering solutions for customer service systems. See TeleVoice Agent, TeleVoice IVR and TeleVoice ASR.

Professional Mobile Group is installed in operators' networks and offers conference calls between mobile phones instead of traditional communication radio.

TeleVoice Agent is a flexible contact and call centre that handles large numbers of incoming telephone, e-mail, web and fax enquiries. Nowadays it is self-evident for many companies to use contact centres to prioritise customer service and enhance its efficiency.

TeleVoice IVR (Interactive Voice Response) is Trio's market-leading solution for interactive voice response systems. Used for telephone banking services, ordering and bookings.

TeleVoice ASR (Automatic Speech Recognition) is Trio's speech recognition solution, allowing callers to an IVR system to state their business and be automatically connected to the required position/case-worker/person.

Trio Mobicentrex is a centrex solution in the Trio Mobile Office product area that enables businesses to replace their fixed telephones with mobile phones. It can be connected to an on-site PresentOffice solution for integrated fixed/mobile telephony.

Trio Mobile Extensions is a module in Trio PresentOffice that allows mobile telephony to be integrated with fixed and IP telephony. It is based on the high functionality of fixed telephony.

Trio Mobile Office is a product family that includes Trio MobiCentrex and Trio Network Attendant.

Trio Network Attendant is an advanced attendant platform installed in the operators' networks. The attendant function and accompanying services are subscribed to from the operators. Trio Network Attendant is also used by service agencies to offer companies and organisations remote attendant services.

Trio PresentOffice offers integrated telephony and advanced call and message handling systems. Some of the most popular functions include a sophisticated attendant workplace, call forwarding, the auto attendant, a dynamic corporate directory, voice mailbox, a calendar function and unified message handling.

Trio PresentOffice Mobile Edition is Version 3.1 of Trio PresentOffice and includes the Trio Mobile Extensions module for the integration of mobile telephony.

WAT, Trio Wireless Attendant Terminal, is a mobile attendant workstation for Trio Mobile Office and other mobile office solutions.

Voice recognition. See TeleVoice ASR.

Voice response system. See TeleVoice IVR.

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TRIO

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