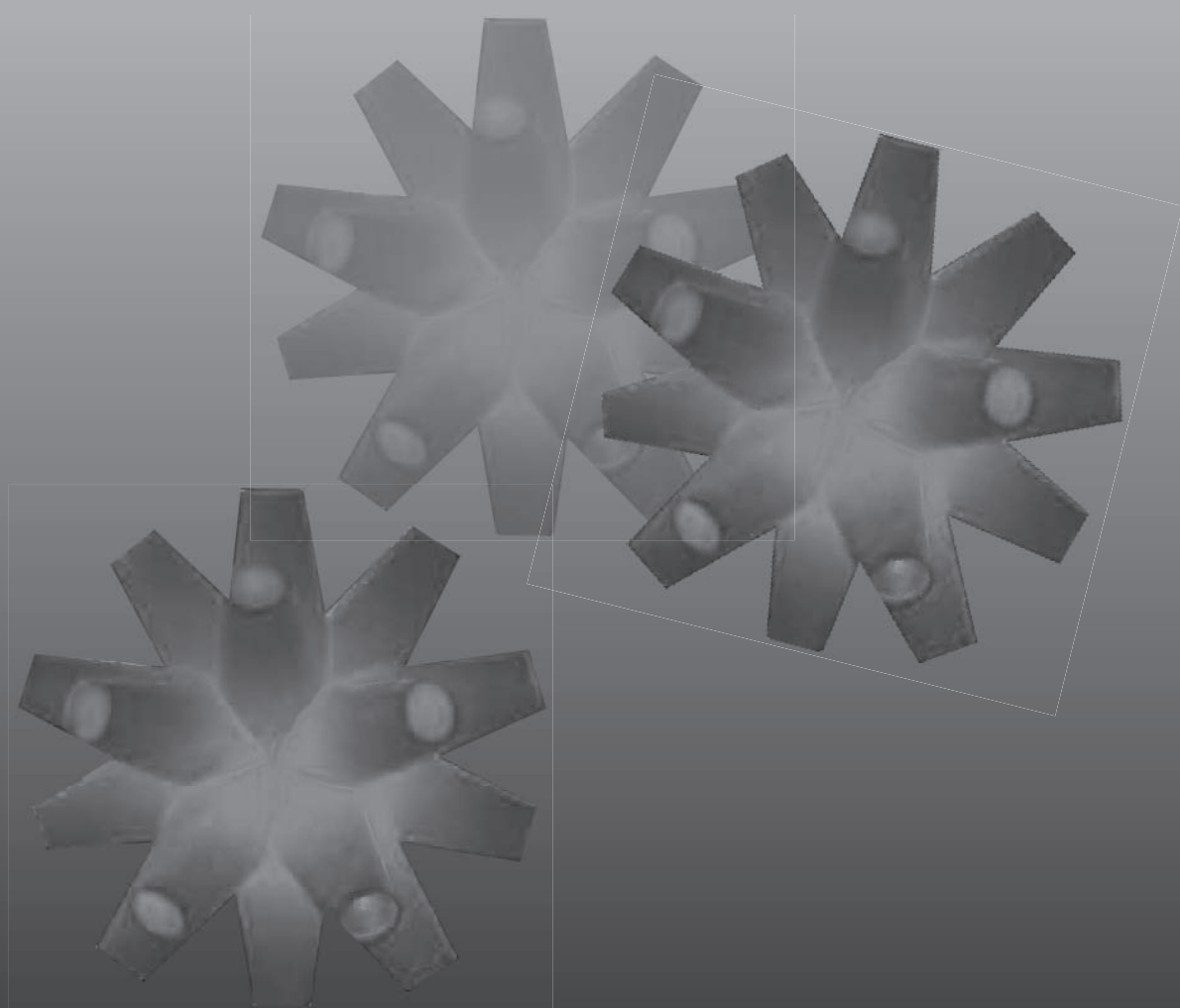


Semi-annual Report

January 1 – June 30, 2003

Thalamus Networks AB (publ)



Thalamus Networks AB

Semi-annual Report January 1 – June 30, 2003

First six month summary

- Net revenues increased by 443 percent to MSEK 134.3 (24.7) compared to the equivalent year-ago period. The result after financial items was MSEK –10.5 (0.8).
- The result after financial items was affected by results on financial investments in an amount of MSEK 10.1 (–) and writedown of financial fixed assets in the amount of MSEK –3.4 (–).
- Earnings per share for the January to June period were SEK –1.12 (0.09).
- Efforts to improve profitability continue and the goal remains – a positive operating result from the beginning of the fourth quarter 2003

Significant events after the end of the period

- Thalamus Control (the former Thalamus Consulting) has been chosen by ABB Building Systems to install a property automation system for IKEA's new head office in Helsingborg.

Market

The market during the first six months of the year was weaker than expected, both during the first and the second quarter. This is a consequence of the state of the economy, and with a continued uncertain market situation, we choose to keep expectations at bay.

Procurement activity is under way in the public sector in a number of instances where Thalamus is an active bidder.

The market for metropolitan and local residential networks showed a very weak development during the period, while the market for advanced communications solutions for industry and the public sector was relatively stable.

Capital expenditures

Capital spending in fixed assets totaled MSEK 7.4 (3.9) during the first half of the year. Building the business as communications operator in Örebro accounts for a significant portion of the period's capital expenditures.

The reported value for investments in financial fixed assets amounts to MSEK 32.7 and refers to 183 994 class A shares and 7 173 169 class B shares in TurnIT and 1 026 600 shares in ProAct IT Group. These holdings are carried at market value as of June 30, which meant a writedown totaling MSEK 3.4, net.

Employees

The number of employees was 164 (26). It will decline by 11 more when scheduled terminations take effect. At year-end the company had 211 employees.

Net revenues and result

Net revenues increased by 443 percent to MSEK 134.3 (24.7). Fiberdata is included in the Thalamus Group since September 2002 and accounts for the entire increase.

The operating result was MSEK -19.0 (-2.8) and the decline is explained by a lower business volume, while the Group's cost containment action not yet has taken full effect. Costs for shrinking the business, including provisions, have been charged to operations during the quarter in an amount of about MSEK -2.8. Action to improve profitability was taken during the second quarter and this will result in cost reductions of about MSEK 12 annually starting July 2003.

A total of some 25 persons have left the Group, primarily in the Integration Group. Efforts to improve the Group's profitability continue.

The result after financial items was MSEK -10.5 (0.8) and was affected during the period by the development of the Company's stock portfolio in a total amount of MSEK 10.1 (-). Revaluation of the financial investments has affected the result after financial items negatively in an amount of MSEK -3.4.

Significant events during the reporting period

Through a current agreement, Fiberdata is responsible for network design and planning services, and for delivery of network products for the municipal network in Kramfors. The backbone is based on fiber and radio links. Users are connected via the existing cable TV network or tele network, i.e. DSL.

Major portions of the action program announced in Fiberdata in the spring in Sweden have been implemented according to plan.

Significant events after the end of the reporting period

In order to describe more clearly the business in Thalamus Consulting AB, the company changed its name in July to Thalamus Control AB.

Thalamus Control AB has been chosen by ABB Building Systems to install a property automation system for IKEA's new head office in Helsingborg. Initially, the order is estimated to exceed MSEK 1 and the term of the contract is until July 2004.

Parent Company

The Parent Company's net revenues amounted to 0 (0) and the result before appropriations was MSEK 8.1 (0.7). Investments have been made in financial fixed assets in an amount of MSEK 18.3 (4.0). Financial net assets in the Parent Company amounted to MSEK 255.8 (276.0).

The future

We will continue our efforts to secure Fiberdata's position as a high-quality independent systems integrator, and to develop the role of Thalamus Operations as a communications operator.

Achieving profitability continues to have the highest priority and the goal is to reach a positive operating result as soon as possible. The goal is for all units in the Group to be profitable from the beginning of the fourth quarter 2003.

Related party disclosures

Fees totaling MSEK 1.2 were paid to closely related parties during the first six months of the year.

Liquidity and new business

The Group continues to have considerable excess liquidity, which means future business opportunities. At the end of June this excess liquidity amounted to about MSEK 120. This sum does not include the holdings in TurnIT and ProAct, which amount to MSEK 32.7.

Accounting principles

This interim report has been compiled in accordance with recommendation RR20 Interim reporting of the Swedish Financial Accounting Standards Council. The same accounting principles have been applied as for the annual report for 2002. Due consideration has been given to the new recommendations applicable as of January 1, 2003.

Organization

The Group is organized in four units: Installation, Integration, Consulting and Operations. The first three of these units fall within the framework of Fiberdata's operations, while Operations is the original Thalamus.

At Fiberdata, we concentrate on developing our operations as an independent systems integrator. Delivery of converging solutions between IP and telephony is a high-priority area and it is important for us that Fiberdata is positioned and operates as an independent supplier relative to Thalamus Operations.

Thalamus Operations concentrates its marketing efforts on securing a significant role as a communications operator in the current expansion of metropolitan and local residential area networks in Sweden.

All transactions among the companies are on a strictly commercial and arms-length basis, where each company acts based on customer benefit, performance and quality.

For competitive reasons the ISP (Internet Service Provider) operations, which have been a part of the Group for several year, is located in a separate legal entity – Thalamus Control. The roles of the various entities are totally distinct, commercially as well as operationally. Direct services to consumers are offered only in exceptional cases when no other ISP is available, for example due to a lack of competition or an insufficient customer base in small communities.

Installation

The installation unit offers systems and services for communications infrastructure. The unit delivers copper-based and

fiber-based cable systems, and systems for radio-based communication. The organization is divided into regions with coordination for the functions for sales, technology and logistics. The unit has about 40 employees in three regions.

Integration

The integration unit offers customer-adapted solutions for data transmission and telecommunication based on standard technology. Sales are organized primarily according to customer segment, with coordination of critical technology and project competencies.

The unit also has a department for control systems and ISP operations, including operation. The unit has a total of about 70 employees in Sweden.

Consulting

The consulting unit offers consultants for project management, design of communications solutions and systems management. The unit has a total of about 30 employees in Norway.

Operations

The Operations unit acts as communications operator in metropolitan area networks, delivers cable TV services and performs technology-independent surveillance services. The unit's own metropolitan area network in the Municipality of Ängelholm is also part of operations. The unit has a total of 11 employees in Sweden.

Financial Information

GROUP								
SEK thousand								
	2003				2002			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net revenues, quarterly data								
Installation			8 453	11 726				
Integration			43 427	46 387				
Consulting			8 455	9 396				
Operations			7 942	7 940				
Other			-2 498	-6 965				
Totalt			65 779	68 484	86 897	34 554	11 091	13 619
Operating result, quarterly data								
Installation			-2 653	-1 364				
Integration			-9 133	-5 408				
Consulting			232	268				
Operations			44	-277				
Other			-565	-95				
Total			-12 075	-6 876	-561	385	-1 479	-1 366

The operating result for the second quarter includes costs for shrinking the business in a total amount of SEK -2 844 000, the main portion thereof attributable to the integration business.

CONSOLIDATED STATEMENT OF INCOME

SEK thousand	Apr.-Jun. 2003	Apr.-Jun. 2002	Jan.-Jun. 2003	Jan.-Jun. 2002	Jan.-Dec. 2002	Jan.-Dec. 2001
OPERATING REVENUE						
Invoicing	65 779	11 901	134 263	25 428	145 850	47 203
Change in work in progress		-810		-718	311	-7 211
Net revenues	65 779	11 091	134 263	24 710	146 161	39 992
OPERATING EXPENSES						
Goods for resale	-23 073	-4 070	-50 442	-10 995	-65 473	-16 558
Other external costs	-16 802	-2 145	-31 673	-4 292	-22 439	-18 378
External in conjunction with shrinking the business	-144		-144			-1 723
Personnel costs	-30 758	-3 707	-59 650	-7 116	-49 643	-19 600
Personnel costs in conjunction with shrinking the business	-2 700		-2 700			-1 777
Depreciation, amortization and writedowns of tangible and intangible assets	-4 377	-2 648	-8 605	-5 152	-11 627	-8 005
Operating result	-12 075	-1 479	-18 951	-2 845	-3 021	-26 049
RESULT FROM FINANCIAL INVESTMENTS						
Interest income and similar revenue from financial investments	1 793	2 103	2 759	4 057	8 326	9 300
Interest expense and similar results from financial investments	-390	-182	-950	-398	-1 326	-1 023
Result on short-term investments	10 696		10 071		3 445	
Writedown of financial assets	-3 391		-3 391			
Result after financial items	-3 367	442	-10 462	814	7 424	-17 772
Taxes	15	15	31	31	4 251	52
Net result for the period	-3 352	457	-10 431	845	11 675	-17 720
Earnings per share (SEK)	-0,36	0,05	-1,12	0,09	1,26	-1,91
Number of shares outstanding at end of period	9 271 456	9 271 456	9 271 456	9 271 456	9 271 456	9 271 456
Average number of shares outstanding	9 271 456	9 271 456	9 271 456	9 271 456	9 271 456	9 271 456

CONSOLIDATED BALANCE SHEET

SEK thousand	2003-06-30	2002-12-31	2001-12-31
Assets			
Goodwill	7 803	8 879	2 807
Other fixed assets	62 139	61 605	46 098
Shares in TurnIT and ProAct	32 720	23 166	
Inventories	16 055	27 885	3 118
Short-term receivables	64 019	70 966	13 513
Short-term investments in listed shares	37 236	47 036	
Liquid funds and interest-bearing investments	98 935	123 581	212 163
Total assets	318 907	363 118	277 699
Shareholders' equity and liabilities			
Shareholders' equity	237 100*)	247 866	238 028
Interest-bearing liabilities and provisions	23 222	27 373	19 033
Non-interest-bearing liabilities and provisions	58 585	87 879	20 638
Total shareholders' equity and liabilities	318 907	363 118	277 699

*) Including translation difference of SEK -335 000 relating to the Norwegian business.

CONSOLIDATED STATEMENT OF CASH FLOW

SEK thousand	6 months 2003	6 months 2002	12 months 2002
Cash flow from current operations	6 452	5 997	19 051
Changes in working capital	2 050	-3 390	-2 834
Acquisition of businesses			-10 229*)
Investments in fixed assets	-7 384	-3 878	-28 698
Reclassification to fixed assets of holding in ProAct	-18 273		
Cash flow before financing	-17 155	-1 271	-22 710
Financing operations	-16 717	-595	-14 266 **)
Period's cash flow	-33 872	-1 866	-36 976
Liquid funds at the beginning of the year	170 617	207 593	207 593
Exchange rate difference in liquid funds	-574		
Liquid funds at end of period	136 171	205 727	170 617

*) refers to Fiberdata AB

**) refers mainly to Fiberdata AB

KEY FINANCIAL INDICATORS

	2003-06-30	2002-06-30	2002-12-31
Revenue growth	443,3%	34,3%	265,4%
Capital employed	260 322	251 506	275 239
Capital employed, not including short-term investments	144 659	51 506	130 638
Financial assets	145 694	191 072	166 435
Average number of employees	164	26	89
Equity ratio	74,3%	88,1%	68,3%
Number of shares outstanding at end of period	9 271 456	9 271 456	9 271 456
Shareholders' equity per share (SEK)	25,57	25,54	26,73

The total number of warrants outstanding is 1,000,000, which upon subscription have a dilutive effect of 10.8 percent of the capital and 5.4 percent of the votes. The warrants have a subscription price of SEK 45.60 (500,000 warrants) and SEK 36 (500,000 warrants). The dilutive effect has not been taken into account since the subscription price exceeds the current market price of the share

QUARTERLY VALUES – STATEMENT OF INCOME

SEK thousand	Actual Q2-2003	Actual Q1-2003	Actual Q4-2002	Actual Q3-2002	Actual Q2-2002
Operating revenue					
Invoicing	65 779	68 484	85 530	34 892	11 901
Change in work on contract			1 367	-338	-810
Net revenues	65 779	68 484	86 897	34 554	11 091
Operating expenses					
Goods for resale	-23 073	-27 369	-39 546	-14 932	-4 070
Other external expenses	-16 802	-14 871	-13 067	-5 080	-2 145
Personnel expenses	-30 758	-28 892	-31 662	-10 865	-3 707
Depreciation, amortization and writedown of tangible and intangible fixed assets	-4 377	-4 228	-3 183	-3 292	-2 648
Costs for shrinking the business	-2 844				
	-77 854	-75 360	-87 458	-34 169	-12 570
Operating result	-12 075	-6 876	-561	385	-1 479
Result from financial investments					
Interest income and similar results on financial investments	1 793	966	2 199	2 070	2 103
Interest expense and similar results on financial investments	-390	-560	-635	-293	-182
Result from short-term investments in listed shares	10 696	-625	10 673	-7 228	
Writedown of financial assets	-3 391				
	8 708	-219	12 273	-5 451	1 921
Result after financial items	-3 367	-7 095	11 676	-5 066	442
Taxes on the year's result	15	16	4 270	-50	15
Net result for the quarter	-3 352	-7 079	15 946	-5 116	457

DEFINITIONS

The equity ratio is obtained by dividing shareholders' equity, including minority interest, by the balance sheet total. The average number of shares outstanding is calculated taking into account when the proceeds from an issue, or the capital contributed in kind for an issue, became available to the Company. Earnings per share refer to profit or loss after full taxes, divided by the average number of shares outstanding. Shareholders' equity per share is obtained by dividing shareholders' equity by the number of shares outstanding at the end of the period.

Further information

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This interim report can be downloaded from our home page. See address to the left. It has not been subject to review by the Company's auditors. Interim Report for the period January 1 – September 30, 2003 will be presented November 7, 2003.

Stockholm, August 19, 2003

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