

Stockholm 23 October 2003

Interim report January – September 2003

- Vigorous increase in profit compared to last year's third quarter. Net profit third quarter amounted to 1.1 (–25.4) MSEK and first nine months to –13.9 (–45.6) MSEK.
- Net sales third quarter amounted to 26.4 (24.2) MSEK and first nine months to 79.8 (104.3) MSEK.
- Profit per share before dilution third quarter amounted to 0.02 (–0.40) SEK and first nine months to –0.21 (–0.73) SEK.
- Profit prior to goodwill amortisation third quarter 1.3 (–21.3) MSEK and for nine months –14.9 (–38.8) MSEK.
- Continued interest in Trio's mobile office solution for mobile operators, Trio Mobile Office. Order signed in July with Sweden's fourth mobile operator Spring Mobil.
- Extraordinary general meeting decided on a new option program for the employees.
- The forecast of a positive result and cash flow for the year's fourth quarter remains.

MSEK	Q 3 2003	Q 3 2002	9 months 2003	9 months 2002	Full year 2002
Inflow of orders	30	28	86	105	143
Net sales	26.4	24.2	79.3	104.3	142.6
Profit/loss prior to goodwill amortisation	1.3	-21.3*	-14.9	-38.8	-40.7
Profit/loss for the period	1.1	-25.4	-13.9	-45.6	-48.7

* Restructuring costs of 8 MSEK impacts the loss.

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 two divisions:

Trio Mobile Office Division. Includes products within Trio Mobile Office that enables a complete transition from fixed to mobile telephony. The solutions are subscribed to as a service from mobile operators and can also be included as a component in Trio's integrated telephony.

Trio Enterprise Division. Includes products within Trio PresentOffice and Objecta TeleVoice. The Division offers integrated telephony and advanced call and message handling as well as solutions for customer support. Integrated telephony involves unifying companies' fixed, mobile and IP telephony to form a single virtual telephony system. The customer support system involves flexible call and contact centre, interactive voice response systems such as telephone banking and speech recognition.

Sales and profit performance

Net sales during the third quarter amounted to 26.4 (24.2) MSEK. Net sales during the period amounted to 79.3 (104.3) MSEK.

Trio's net profit the third quarter amounted to 1.1 (–25.4) MSEK and the first nine months amounted to –13.9 (–45.6) MSEK. The vigorous increase in profit compared to last year's corresponding quarter, is mainly a result of a decrease in costs in the company and also due to the impact last year of restructuring costs of 8 MSEK.

Net sales during third quarter in **Trio Mobile Office Division** amounted to 11.2 (8.3) MSEK and the loss prior to goodwill amortisation amounted to –1.2 (–6.1) MSEK. The increase in sales demonstrates a continued great interest in Trio's solutions for mobile operators.

Net sales during third quarter in **Trio Enterprise Division** amounted to 15.2 (15.9) MSEK and profit prior to goodwill amortisation to 2.5 (–7.2) MSEK. The profit improvement of the Division is mainly a result of reduced costs.

Significant events during the third quarter

Trio Mobile Office Division

Trio signed an agreement in July with Sweden's fourth mobile operator, Spring Mobil, for Trio's mobile office solution, Trio Mobile Office. Trio Mobile Office will be installed in Spring Mobil's mobile telephony network during the autumn and the target group will be corporate customers. Spring Mobil is a wholly owned subsidiary of Swefour, and helps companies go mobile at fixed network rates.

Trio has signed yet another agreement with Vodafone in Sweden. The order regards an expansion of the current system Trio Network Attendant that is a part of Vodafone's concept The Wireless Office. The initial order value amounts to approximately 2 MSEK.

Trio Enterprise Division

In connection with the trade fair Networks Telecom '03 on 23-25 September, Trio launched version 3.2 of the call and message handling system, Trio PresentOffice, and also Trio SmallOffice, a forwarding system directed to smaller companies with up to 250 users.

Michael Stubbing has been appointed new President of Trio Enterprise Division. Michael Stubbing has more than 20 years experience from the IT industry and has lately been at Telelogic where he worked as Global Client Executive.

In Sweden, orders have been signed regarding Trio PresentOffice with among others The College of higher learning in Gävle, the National Swedish Touring Theatre, The Municipality of Staffanstorp, SCA Graphics and the Municipality of Tingsryd. Orders regarding Objecta TeleVoice have been signed with among others Förvaltaren, UC and Westra Wermlands Sparbank.

In Norway orders have been signed through Telenor Business Solutions A/S with among others Accenture and Gjensidige Nor regarding Trio PresentOffice and including Proffnett, Telenor Mobil's mobile office solution.

In Denmark orders have been signed with among others two of Denmark's largest daily newspapers Jyllandsposten and Politiken, the Danish Prison and Probation Service, the Bank of Nørresundby and with the University of Ålborg.

Important co-operation agreements third quarter

Trio is a new application partner within Alcatel's partner programme, AAPP. The forwarding and call management system, Trio PresentOffice, has been tested and verified with Alcatel Omni PCX 4400 and after approval has been given the status of a so-called Alcatel Compliant Application.

Trio Norway has signed a partnership agreement with Telecom Norge A/S (TCN), a company founded by Norway's ten leading former Alcatel retailers. TCN is an "Alcatel Certified Premium Business Partner" that plans, sells and supplies Alcatel with its voice platform and other voice- and data-related products in the Norwegian market.

Extraordinary general meeting and allocation of options

At the extraordinary general meeting of Trio on September 30, it was decided to issue a debt instrument with a nominal value of 1,000 SEK together with 5,300,000 detachable stock options to subscribe for new shares. The debt instrument did not carry any interest and was due for payment on October 20, 2003. The debt instrument could, with divergence from the shareholders' preferential rights, solely be subscribed for by the company's subsidiary, Trio Personal AB. Each stock option entitles the employee to acquire a share in the company. The stock options may be transferred to the employees of the Trio Group. Conditions for the employees of Trio to receive options in accordance with the new programme are that options earlier received are not utilised. The subscription period is due between January 1, 2005 and up to and including December 31, 2007. Full exercise of the warrants will entail an increase of the share capital of not more than 5,300,000 SEK, corresponding to a dilution effect of approximately 7.6 percent of the share capital and votes, of which approximately 2 percent refers to warrants intended to secure social security contributions. The strike price is set to 2.33 SEK.

The maximum allocation to the managing director shall be 750,000 stock options and 250,000 per person to other management team members. Board members elected by the Shareholders' Meeting shall not be entitled to allocation of stock options.

Gross Profit

The Group's gross profit amounted to 15.0 (13.3) MSEK, giving a gross margin of 57 (55) per cent.

In the consolidated accounts, a principle is applied whereby the cost for products sold, in addition to covering material and product costs, also includes costs for installation staff, support staff and training staff.

Operating expenses

Operating expenses during third quarter fell by 49 per cent compared to corresponding period last year and amounts to 13.7 (26.8) MSEK which was a result of a lower number of employees along with other cost savings.

Operating profit

The period's operating profit prior to goodwill amortisation came to 1.3 (–21.3) MSEK. The change in profit is mainly explained by lower operational costs during 2003 and due to that last year's corresponding period was affected by restructuring costs.

Staff

The number of employees at the Group at the end of the period was 77 (109).

Investments

Investments in equipment and computers during Q3 totalled 0.1 (0.4) MSEK. Planned depreciation including goodwill came to 1.4 (1.3) MSEK.

Financial position and liquidity

Liquid assets on 30 September 2003 totalled 16.8 (39.6) MSEK. The Group's shareholders' equity on 30 September 2003 came to 54.7 (71.2) MSEK, while the equity/assets ratio was 65 (64) per cent.

Outlook for 2003

The forecast of a positive result and cash flow for the year's fourth quarter remains. The Company will keep the forecast of a positive result before restructuring costs for the full year. Due to a late inflow of orders within Trio Mobile Office Division, the cash flow for the year will be negative.

Events since the end of the period

Trio has received an order via its partner, Dotcom Solutions AB, concerning the Swedish Prison and Probation Service. The order refers to the delivery of a complete call-forwarding system, with voice mailboxes for some 8 000 connections. Data communications and telecommunications for the Swedish Prison and Probation Service's 150 prisons, remand prisons and probation offices throughout Sweden are to be co-ordinated in a common network. The order also covers system training for telephonists and project support.

Trio has signed a long-term agreement with Telenor Mobil for the development and supply of Trio's software for integration with Telenor Mobil's ProffNett Total. The agreement also covers the implementation of Trio's solutions and software for support systems and operator applications for company switchboards (PABX) installed in customer sites and other services for Telenor Mobil's existing and future customers. The partnership agreement also includes the provision of service, support and maintenance for the software and solutions.

Dates for future financial information

The preliminary year-end report will be published on February 12 2004.

Stockholm 23 October 2003
Trio AB (publ)

The Board of Directors

For more information please contact, Sverker Hannervall, CEO, phone no +46 (0) 730 66 88 23 or Christian H. Thommessen, Chairman of the Board phone no +47 91 888 000.

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

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Consolidated Income Statement and Balance Sheet (SEK m)

<i>Income Statement</i>	2003 3Q	2002 3Q	2003 9months	2002 9months	2002 Full Year
Net sales	26.4	24.2	79.3	104.3	142.6
Cost of products sold	-11.4	-10.9	-35.3	-52.4	-68.5
Gross Profit	15.0	13.3	44.0	51.9	74.1
Selling expenses	-7.6	-12.8	-28.8	-43.2	-57.5
Administrative expenses	-3.7	-6.8	-13.2	-24.3	-29.6
Development cost	-2.4	-7.2	-9.5	-22.1	-26.6
Other operation income	–	0.2	-0.4	1.1	1.1
Items affecting comparability	–	-8.0	-7.0	-2.2	-2.2
Operating profit/loss prior to goodwill depr.	1.3	-21.3	-14.9	-38.8	-40.7
Goodwill depreciation	-0.8	-0.8	-2.4	-2.4	-3.0
Operating profit/loss after goodwill depr.	0.5	-22.1	-17.3	-41.2	-43.7
Result from associated companies	0.5	-3.2	3.3	-5.2	-6.2
Financial income	0.1	0.1	0.3	1.1	1.5
Financial expenses	–	-0.2	-0.2	-0.5	-0.6
Profit/Loss after financial items	1.1	-25.4	-13.9	-45.8	-49.0
Tax	–	–	–	0.2	0.3
Profit/Loss for the period	1.1	-25.4	-13.9	-45.6	-48.7
 <i>Key ratios (SEK)</i>					
	2003 3Q	2002 3Q	2003 9months	2002 9months	2002 Full Year
Profit/Loss per share prior to goodwill amort.	0.02	-0.33	-0.23	-0.62	-0.65
Net profit/loss per share before dilution	0.02	-0.40	-0.21	-0.73	-0.78
Net profit/loss per share following dilution	0.01	-0.40	-0.21	-0.73	-0.78
Shareholders' equity per share	0.89	1.11	0.89	1.11	1.08
Equity/assets ratio, %	65	64	65	64	63
Number of shares at the end of the period (thousands)	64,083	64,083	64,083	64,083	64,083
Average number of outstanding shares (thousands)	64,083	64,059	64,083	62,411	62,508
Average number of outstanding shares following dilution (thousands)	72,083		72,059	72,083	70,411
Holding of the company's own shares	–	–	–	–	–

The calculation of the number of outstanding shares and the net profit/loss per share has been performed taking into account the outstanding warrants program and in accordance with RR18 Net profit/loss per share.

Comments on the income statement

The cost for products sold includes material and product costs totalling 5.3 (4.5) MSEK as well as costs for product maintenance staff, installation staff, support staff and training staff amounting to 6.1 (6.4) MSEK.

Costs for premises and internal systems have been distributed according to the utilisation of the function in question. Depreciation of tangible fixed assets totalled 0.3 (0.5) MSEK and has also been distributed according to the utilisation of the respective function.

Items affecting comparability include restructuring costs.

The profit/loss from participations in associated companies relates to amortisation of goodwill and the share of associated company's result. The acquisition of Netwise shares took place in Q1 2002, and the profit/loss from this associated company is reported with a time lag of one quarter.

Income Statement, breakdown by division

	2003 3Q	2002 3Q Pro forma	2003 9months*	2002 9months Pro forma	2002 Full Year Pro forma
Trio Mobile Office					
Net sales	11.2	8.3	28.7	48.8	60.9
Operating loss prior to goodwill	-1.2	-6.1	-9.6	-5.9	-11.0
Trio Enterprise					
Net sales	15.2	15.9	50.6	55.5	81.7
Operating profit/loss prior to goodwill	2.5	-7.2	1.7	-24.9	-22.0

*) Operating loss prior to goodwill excluding restructuring costs of 7 MSEK.

As a consequence of the new organization adopted during 2002, since 1 January 2003, Trio's accounts will cover two business areas – Trio Enterprise Division and Trio Mobile Office Division – compared with the three product areas previously reported.

Trio Mobile Office Division. Includes products within Trio Mobile Office that enables a complete transition from fixed to mobile telephony. The solutions are subscribed to as a service from mobile operators and can also be included as a component in Trio's integrated telephony.

Trio Enterprise Division. Includes products within Trio PresentOffice and Objecta TeleVoice. The Division offers integrated telephony and advanced call and message handling as well as solutions for customer support.



Balance sheet	2003-09-30	2002-09-30	2002-12-31
Intangible fixed assets	14.9	16.5	16.4
Tangible fixed assets	2.0	3.3	2.7
Financial assets	16.4	13.4	13.6
Other current assets	33.5	37.7	47.6
Cash and bank	16.8	39.6	29.2
Total assets	83.6	110.5	109.5
Shareholders' equity	54.7	71.2	69.2

Provisions	–	0.1	–
Interest-bearing liabilities	2.6	0.6	3.3
Non interest-bearing liabilities	26.3	38.6	37.0
Total Shareholders' equity and liabilities	83.6	110.5	109.5

Cash flow statement

	2003 3Q	2002 3Q	2003 9months	2002 9months	2002 Full Year
Current operations prior to change in working capital	–0.7	–21.0	–11.1	–47.9	–44.3
Change in working capital	–5.1	18.1	3.2	18.3	7.3
Investment operations	–0.3	–0.5	–3.2	7.0	1.2
Financing operations	–1.7	–	–1.3	0.5	3.3
Cash flow for the period	–7.8	–3.4	–12.4	–22.1	–32.5
Liquid assets at the beginning of period	24.6	43.0	29.2	61.7	61.7
Liquid assets at the end of period	16.8	39.6	16.8	39.6	29.2

Changes in shareholders' equity

	2003 3Q	2002 3Q	2003 9months	2002 9months	2002 Full Year
Shareholders' equity at the beginning of the period	54.1	93.5	69.2	103.7	103.7
New share issue	–	–	–	13.6	13.6
Translation differences, etc	–0.5	0.1	–0.6	–0.6	0.6
Profit/Loss for the period	1.1	–25.4	–13.9	–45.5	–48.7
Shareholders' equity at the end of the period	54.7	71.2	54.7	71.2	69.2

Accounting principles

This interim report has been prepared pursuant to the Swedish Financial Accounting Standards Council's recommendation RR 20, Interim Financial Reporting. The same accounting principles and calculation methods have been used as in the last annual report, except where new recommendations have come into force. These are RR 22, Presentation of Financial Statements, RR 24, Investment Property, RR 25 Segment Reporting, RR 26, Events After the Balance Sheet Date, RR 27, Financial Instruments: Disclosure and Presentation as well as RR 28, Accounting for Government Grants and Disclosure of Government Assistance.

RR 24 and RR 28 are not applicable to the company. RR 22, 25 and 27 will be applied to the Annual Report. RR 26 has not had any effect on the company's result or standing compared to previously applied principles.