

OHHEX ANNUAL REPORT 2003



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This is OMHEX

OMHEX in brief

OMHEX was created through the merger between OM and HEX during 2003. OMHEX is a leading provider of solutions and services that make securities transactions more efficient for customers. OMHEX has two divisions. Through the HEX Integrated Markets division, OMHEX operates Northern Europe's largest securities market. Through the OM Technology division, OMHEX is a leading supplier of technology and technology-related services to financial and energy markets around the world.

Vision

OMHEX's vision is to be regarded as the world's leading partner for more efficient securities transactions.

Business model

OMHEX's business model comprises different levels of development, operation and service, spanning the range from owning and operating transaction-related operations

such as exchanges and central securities depositories to developing and providing transaction technology, processing and outsourcing services.

Organization

The HEX Integrated Markets division was formed through the combination of Stockholmsbörsen, Helsinki Exchanges, HEX Tallinn and HEX Riga. The division comprises four business areas: Cash Markets, Derivatives Markets, Settlement & Depository and Baltic Operations. The exchanges included in the division have a total of 150 members and 500 listed companies. The OM Technology division develops transaction technology as well as processing and outsourcing services in the following business areas: Banks & Brokers, Financial Markets and Global Services. OMHEX has approximately 1 600 employees in 11 countries.

Customers

OMHEX's customers are owners and users of financial infrastructure. Customers within the HEX Integrated Markets division are made up mainly of listed companies, exchange members and clearing members (banks and brokerage firms) as well as information vendors. Customers within the OM Technology division include exchanges, clearing organizations, central securities depositories, banks and brokerage firms.

Associated companies and partnerships

OMHEX is the largest owner of Orc Software, which is listed on Stockholmsbörsen. OMHEX jointly owns EDX London with London Stock Exchange. Together, Oslo Stock Exchange, Copenhagen Stock Exchange, Iceland Stock Exchange and OMHEX run the NOREX exchange alliance. OMHEX has an agreement with Eurex regarding trading in Finnish equity derivatives.

The OMHEX share

The OMHEX share is listed on Stockholmsbörsen's A-list and Helsinki Exchanges' Main List. OMHEX had approximately 17 000 shareholders at the end of 2003, with a total of 115 547 015 shares. The total market capitalization of OMHEX was SEK 10.3 billion (3.5) at year-end.



OMHEX 2003

A year characterized by restructuring and integration

For OMHEX, 2003 was an eventful year when several strategically important measures were implemented and significant orders were won. Against a backdrop of weak markets and the need to streamline operations, a group-wide cost-efficiency program was implemented. During the summer, OM and HEX merged to create OMHEX.

Merger between OM and HEX

During 2003, OM and HEX merged to create an integrated Nordic and Baltic market for listing, trading, clearing, settlement and depository of securities. The merger is expected to result in benefits for OMHEX customers and shareholders, on both the cost and revenue sides. The merger was carried out through an offer to HEX shareholders of 2.5 new OM shares per HEX share. HEX was consolidated in the Group on July 1 and is included in the Group's income statement and balance sheet from the third quarter 2003.

Cost-efficiency program

During the year, the company introduced a cost-efficiency program to streamline operations and improve profitability by lowering costs. The program, which primarily targeted OM Technology, included restructuring the former Energy Markets business area and OM Technology's product portfolio, and concentrating operations in fewer offices.

Market development

For HEX Integrated Markets, the year began on a weak note with both falling share prices and lower turnover. In the autumn, the market recovered slightly, and stock indexes in Sweden and Finland increased overall during the year. Equity turnover and the number of equity trades fell year-on-year, while the number of traded derivative contracts increased.

For OM Technology, 2003 was demanding. Demand for technology and technology-related services was low. A certain increase in interest from the market was discernable during the fourth quarter. During the year, OM Technology strengthened business relationships with important customers such as ISE and NASD, and in the fourth quarter, OM Technology received an important order from Singapore Exchange.



Creation of EDX London

EDX London, a new equity derivatives exchange jointly owned by OMHEX (24 percent) and London Stock Exchange (76 percent), was created at the end of the second quarter. EDX London was formed through OMHEX divesting the equity derivatives business of OM London Exchange to EDX London.

Revenue and income during 2003

OMHEX's revenue amounted to SEK 2 686 m (2 640) during 2003. For comparable operations, excluding HEX, OM London Exchange and income from the sale of shares, revenue was down 10 percent year-on-year. Group operating expenses totaled SEK 3 156 m (2 702), including items affecting comparability in a negative amount of SEK 562 m (neg: 132). For comparable operations, operating expenses decreased 12 percent compared with the same period last year.

OMHEX's operating loss was SEK 449 m (neg: 24) during the year, while operating income excluding items affecting comparability amounted to SEK 113 m (108). The loss per share totaled SEK 4.33 (loss: 0.85), while earnings per share excluding comparable operations was SEK 0.40 (0.29).

Financial position at year-end

OMHEX's total assets were SEK 6 746 m (4 920) at the end of 2003. OMHEX's equity/assets ratio increased to 52 (41) percent. At year-end, the Group's interest-bearing net liabilities were SEK 612 m (669).

EARNINGS DEVELOPMENT*, SEK m

	2003	2002
Revenue	2 686	2 640
Expenses excluding items affecting comparability **	-2 594	-2 570
Operating income excl. items affecting comparability**	113	108
Operating loss	-449	-24
Earnings per share excluding items affecting comparability**	0.40	0.29
Loss per share	-4.33	-0.85

* HEX was consolidated on July 1, 2003.

** Items affecting comparability of SEK -562 m (-132) comprise restructuring costs for the cost efficiency program, reserves for premises and capital gains from the creation of EDX London.

Dear shareholder

2003 was a year of significant and definitive change for OMHEX. A year where we both accelerated and braked. Expanded and contracted.

The merger between OM and HEX has created a strong foundation for the continued integration of Nordic securities trading – a foundation where the Baltic markets will also play an increasingly important role. Cost efficiency, however, must continue to be improved. This is a requirement that is particularly evident on the clearing and settlement side, where Nordic market participants must develop and offer the market common and more cost-efficient solutions.

Development of both the securities and technology markets continued to be weak during the year, both in Sweden and around the globe. Despite an increase in share prices in the autumn, trading volumes on Stockholmsbörsen and Helsinki Exchanges did not reach last year's levels. The significant cost-savings measures carried out in the company during 2001 and 2002 were not sufficient to return OMHEX to long-term profitability in a continued weak market.

In last year's annual report, I commented that, "a continued decline in the markets may necessitate further cost-reduction measures." In June, the Board of Directors





decided – in accordance with the proposal of the new executive management of the company – to implement a radical cost-reduction program aimed at focusing operations on the core activities that are profitable in today's market volumes. All other operations would be closed or divested. As shown in the annual report, this program is now concluded and the company has commenced the new financial year with a cost level adapted to current market conditions. Carrying out a proactive merger between OM and HEX and at the same time implementing a huge cost-efficiency program has demanded a significant contribution on the part of both management and other personnel. I am very grateful for the dedication and commitment that is now leading towards the desired results. At the same time, I am sorry that the process claimed so many excellent people – employees who were forced to leave the company. In particular, I would like to thank Per E. Larsson, who after 18 years of work, seven of which as CEO, left the company on May 30, 2003.

"2003 was a year of significant and definitive change for OMHEX. A year where we both accelerated and braked. Expanded and contracted."

Confidence and trust issues have been in focus during the financial year. For OMHEX, as a central marketplace operator, confidence naturally plays an important role. Stockholm's borsen has worked hard to address these issues and it is comforting to be able to say that continuous work to improve these also made a breakthrough in the market's view of the exchange's operations during the year. Naturally, there is always room for improvement, which is why confidence enhancing initiatives will continue to be driven with high energy and consideration, in harmony with increased requirements.

Remuneration to the executive management was another issue that generated attention in the debate on confidence and trust issues during the year. Well thought through and

correctly set remuneration and incentive programs are important instruments for ensuring that employees participate in building the company's value in both the short and long term. For such programs to be accepted and achieve the desired effect, remuneration levels must be considered reasonable, with a good balance between performance, achieved results and rewards.

"Naturally, there is always room for improvement, which is why confidence enhancing initiatives will continue to be driven with high energy and consideration, in harmony with increased requirements."

During the year, the Board reviewed the company's remuneration scheme and for 2004, as shown in this annual report, the maximum variable level of remuneration payable was lowered radically, with an increased focus on profitability. The Board has also decided not to introduce any type of equity-related incentive program this year.

After the comprehensive changes carried out during 2003, we have built a stable foundation for what I hope will be positive development on both the transaction and technology sides. The main task of the Board and the executive management now is to deliver the results that these measures have made possible.

Stockholm, February 2004

Olof Stenhammar
Chairman

Restructuring and integration

As I write these CEO words for the first time, I look back on an eventful year. A year characterized both by restructuring and integration. We have merged with HEX, we have carried out the most extensive cost-efficiency program in the company's history and the new company – OMHEX – has a new management.

In June, I became acting CEO for OM and in September I was appointed President and CEO of OMHEX. In May, my predecessor Per E. Larsson left OM after 18 years of dedication and service. I would like to take this opportunity to direct my thanks to him for his contributions throughout the years.

A new company

The most significant event during the year was, of course, the merger between OM and HEX. The merger led to a company with a clear goal to create both an integrated securities marketplace in Northern Europe and to reinforce our position as a world leading provider of transaction technology and services. The merger will favor our customers through harmonized markets, lower costs for market access, a broader range of services as well as providing the requirements for an increase in trading. Thanks to synergies the merger will yield higher returns for shareholders. To a large part these benefits and synergies are rooted in the need for new technology and more effective systems operations. Our technological expertise and systems solutions were a prerequisite for the merger. Today, I venture to say that it has never been so advantageous to have both exchange and technology operations under the same roof as now.

When I look back at our first half year together I am both happy and proud of how well our merger was received – both externally and internally. It goes without saying that the integration of the two companies is not complete just because a merger has taken place. Now is when the work gets started. Now we are working to get to know each other and understand each others' cultures – finding new and more effective ways to work. OMHEX is a global company with many cultures united by common values. We also share a common vision – to be a world leading partner that enables efficient securities transactions.



An extensive efficiency program

For the third year in a row OMHEX has regrettably shown a loss. Excluding expenses affecting comparability of nearly SEK 600 m used to carry out the cost efficiency program we would have had an operating profit of SEK 113 m last year. But not even this is satisfactory profitability. Returning the company to a high level of profitability is now my – and the rest of the management team's – most important task.

In the markets in which OMHEX is active, 2003 was another weak year. Undoubtedly market value went up and the number of derivatives contracts traded increased on our markets. Nevertheless two important parameters – turnover and the number of transactions – decreased. On the technology side customers have been reluctant to invest and altogether our revenues fell 10 percent for comparative operations year-on-year.

In the summer we initiated the most extensive cost-efficiency program in our history to adapt to the drawn-



out weak markets by reducing costs and focusing on our core business. When writing this in February, all planned measures have been implemented, but have not yet had full effect. Full effect will be achieved at the end of the first quarter when we should have reached a lower cost level. We have also divested our energy exchanges and reviewed our operations, which led to the divestment and phase out of products and operations within our technology division. Now, it is important that the entire company continue to be more cost-efficient – even after the completion of the cost reduction program. Here, the managers at OMHEX have a clear responsibility to walk the talk.

Another important event was the formation of EDX London, a new international marketplace for equity derivatives that we own together with London Stock Exchange. We also established a clearing link with LCH.Clearnet so that equity derivative transactions made by EDX London's customers can also be cleared by an established, local industry player. This makes it easier for EDX London to connect new customers.

Even if players in OM Technology's markets continued to be cautious, during the year we expanded our partnership with some important customers, for example the ISE and NASD. Towards year-end, we saw a general increase in interest among existing and potential customers, not least from customers in the highly interesting American and Asian markets. In December, we signed a strategic agreement with Singapore Exchange to deliver a next generation trading platform. We have also noted an increased interest in the Nordic region for new technical and outsourcing solutions from exchanges, central securities depositories, banks and brokerage firms.

Competitiveness and value creation

All in all, the right conditions exist to make 2004 a good year. Exchange turnover was promising at the beginning of the year and our operations are now more streamlined. In order for us to be more effective and profitable it is necessary that we look for new ways to work. One example is the relocation of OMHEX in Stockholm during February 2004. All employees and expertise in Sweden are now gathered under one roof, so it will be easier to turn our common

knowledge into customer benefits. Our aim is to increase our customers' competitiveness by simplifying structures and enabling them to increase efficiency and lower their costs. Therefore, it is extra important to set precedence when it comes to profitability and efficiency.

One of our most important goals is to see to it that a fully integrated Nordic and Baltic marketplace is created. A fundamental part of this is that we complete the merger between OM and HEX. We have also invited other market participants to take part: exchanges, central securities depositories, banks and other interested parties. An integrated marketplace, with trading, clearing, settlement and deposit of securities will benefit all participants. I would like to emphasize that actually owning the companies that make up the infrastructure is not the most important factor. What is most important is that we establish a common view on development and operation of the system platforms. What is also central for us as a provider of marketplace solutions and services is that our customers are profitable. As IT-related costs are the largest cost items when it comes to financial infrastructure, it is here that we can create the most value.

We have a clear and distinct agenda to achieve a satisfactory level of profitability, to complete the integration between OM and HEX and to strive to establish a fully integrated Nordic and Baltic marketplace. If we do these things right, I am convinced that we will strengthen confidence in OMHEX as Nordic exchange operator and as global technology provider.

Stockholm, February, 2004

Magnus Böcker
President and CEO

Business idea and strategy

Well-functioning securities markets are crucial for economic growth and prosperity. OMHEX's role is to make securities transactions as efficient as possible – the common driver behind all parts of the operations within the company.



OMHEX's vision is to be regarded as the world's leading partner for more efficient securities transactions. OMHEX's customers include owners and users of financial infrastructure.

OMHEX's business model comprises different levels of development, operation and service, spanning the range from owning and operating transaction-related operations such as exchanges and central securities depositories to developing and providing transaction technology, processing and outsourcing services. OMHEX runs its operations through two divisions: HEX Integrated Markets and OM Technology.

The HEX Integrated Markets division is the leading marketplace for securities trading in the Nordic and Baltic region, offering access to more than 80 percent of the Nordic securities markets. HEX Integrated Markets includes the exchanges in Stockholm, Helsinki, Tallinn and Riga, as well as the central securities depositories in Helsinki, Tallinn and Riga.

The OM Technology division is a world-leading provider of technology, processing and outsourcing solutions for financial and energy markets. OM Technology has more than 100 customers in 11 countries and operates marketplaces and other systems solutions for customers from nine data centers around the globe. In terms of trading hours, OM Technology is the world's largest exchange operator.

Business idea and business model

OMHEX's business idea involves transforming knowledge and expertise in the securities markets into advantages and opportunities for customers. Knowledge that is continually developed and exchanged through OMHEX's owning and operating marketplaces in the Nordic and Baltic region, and at the same time meeting the demands of the world's leading market participants as a provider of technology and services.

Strategy

Nordic integration of infrastructure for securities trading

By offering access to 80 percent of the Nordic and Baltic securities markets, OMHEX has a great responsibility vis-à-vis these markets – their issuers, intermediaries and investors. OMHEX will work together with market partici-

pants toward the integration between exchanges and central securities depositories in the region. OMHEX also supports plans to establish a pan-Nordic organization for central counterparty clearing (CCP) for equities, bonds and derivative products. OMHEX's ownership of exchanges, clearing operations and central securities depositories is organized in the HEX Integrated Markets division.

Transaction technology

Creating a leading marketplace—a model market—with systems that have been developed and operated internally enables OMHEX to strengthen its position as the leading provider of transaction-related systems for other marketplace operators around the world such as exchanges, clearing organizations and central securities depositories.

Its role as marketplace operator in the Nordic and Baltic region does not conflict with OMHEX's role as provider to other marketplaces. This is an important line of demarcation in OMHEX's strategy. At the same time, in order to maintain credibility, it is vital that the exchanges that OMHEX owns entirely or in part are powered by proprietary systems. The development and sale of transaction technology is carried out through OM Technology's Financial Markets business area.

Outsourcing

Daily operation of applications, computers and networks within the central infrastructure of securities trading, including post-trade administration, demands extremely high levels of quality when it comes to dependability and security. Normally, traditional suppliers of IT operational services lack the focus and special knowledge required by the securities markets. This is where OMHEX is able to offer unique solutions to such markets. OMHEX provides outsourcing solutions through OM Technology's Global Services business area.

Processing

The need to automate the transaction flow at banks and brokerage firms is great and has increased in recent years due to new requirements in the areas of control and capital adequacy. OMHEX offers systems solutions that auto-

mate processes and operations for front office, order management and back-office operations. For banks, fund management companies and brokerage firms, the cost of administrating securities transactions makes up a relatively large part of total transaction costs. Letting OMHEX handle less business-critical parts of the securities transaction chain improves cost-efficiency and frees time to concentrate on core operations. Through the Banks & Brokers business area, OMHEX has many years of experience as a provider of back-office services.

Competitive edge

Three factors give OMHEX a competitive edge:

→ *Understanding of customers' operations*

OMHEX possesses a unique understanding of customers' operations and the securities markets through owning and operating its own marketplaces.

→ *Front edge technology*

OM Technology's central systems and market solutions are used daily by a large number of customers with very high demands – some of the world's most advanced exchanges and clearing organizations.

→ *The entire transaction chain*

OMHEX has turnkey systems and services for the entire transaction chain – not only for individual parts.



HEX Integrated Markets division

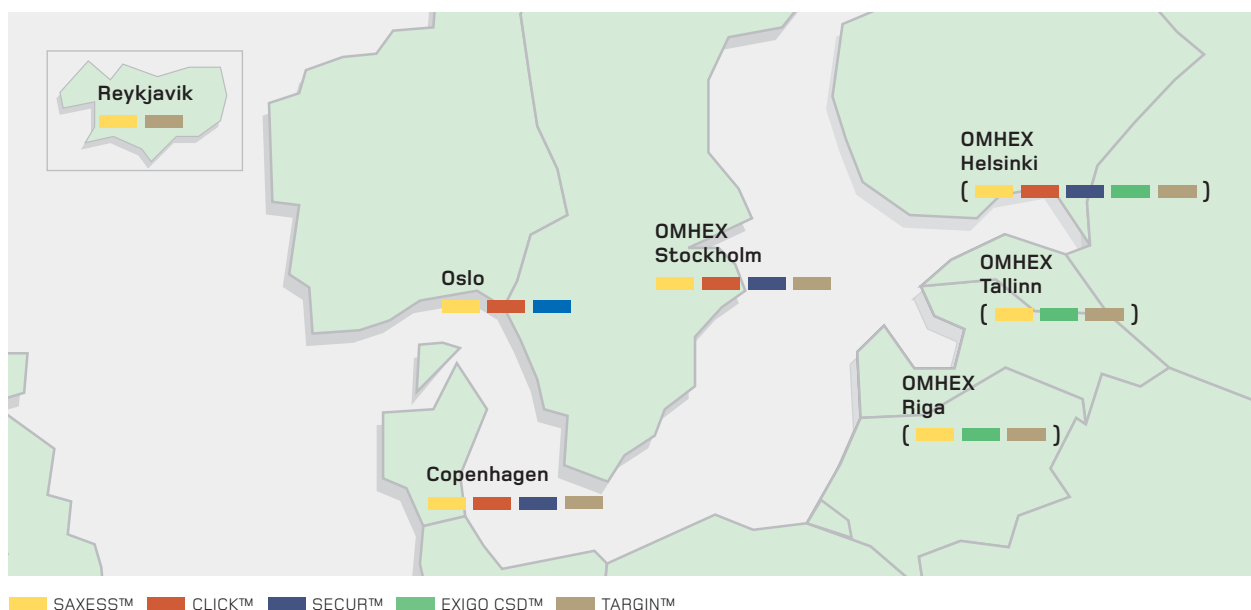
During the year, HEX Integrated Markets was created through the combination of the operations within Stockholmsbörsen and HEX. This is an important step toward the vision of a fully integrated securities market in Northern Europe.

The HEX Integrated Markets division was created when OM and HEX merged in 2003. Through the division, OMHEX owns and operates the equity and derivatives exchanges in Stockholm (Stockholmsbörsen), Helsinki (HEX Helsinki), Tallinn (HEX Tallinn) and Riga (HEX Riga) as well as the central securities depositories in Finland (APK), Estonia (EVK) and Latvia (LCD). Through HEX Integrated Markets, OMHEX offers access to more than 80 percent of exchange trading in the Nordic and Baltic countries. The operations of HEX Integrated Markets are divided into four business areas: Cash Markets, Derivatives Markets, Settlement & Depository and Baltic Operations.

Toward an integrated Nordic and Baltic securities market

OMHEX's strategy in the HEX Integrated Markets division involves a geographic focus on Northern Europe. OMHEX aims to be the driving force in creating an integrated Nordic and Baltic marketplace for equities, bonds, derivatives and other financial instruments. The goal is to offer listing, trading, clearing and settlement services built on a common infrastructure and harmonized rules. This will give customers access to marketplace services with high liquidity and cost-efficiency, which is essential for the region's competitiveness and for attracting capital to the region.

OMHEX'S SYSTEMS PLATFORMS AT EXCHANGES, CLEARING HOUSES AND CENTRAL SECURITIES DEPOSITORIES IN THE NORDIC AND BALTIC REGION



(The systems platforms SAXESS™, CLICK™, SECUR™ and TARGIN™ will be implemented at OMHEX in Helsinki, Tallinn and Riga during the third quarter 2004. There is also an intention to implement the system platform EXIGO CSD™ at a later date.)



In the continued Nordic and Baltic integration, the actual ownership of the companies that make up the infrastructure is not the most important factor. Integration through common technical platforms and a shared view on market issues is the most central. Systems, operating capacity and the technical know-how possessed by the OM Technology division are important factors for achieving the vision of an integrated Nordic and Baltic securities market.

Infrastructure of the securities market

HEX Integrated Markets' services can be schematically divided into three phases, all of which are handled electronically: exchange trading, clearing, and settlement and depository. HEX Integrated Markets provides these services to various extents in different countries. Normally, these events are handled by two or more companies in each country. Increased cooperation around processes, systems and rules between these companies would reduce transaction costs, minimize risks and create the prerequisites for increased liquidity in securities trading.

Exchange trading

On an exchange, a buy and a sell order are matched electronically in the trading system and a trade is completed. Here, HEX Integrated Markets offers primary listing and trading services.

In the Nordic region, the exchanges in Oslo, Copenhagen, Reykjavik and Stockholm already use OM Technology's SAXESS™ and CLICK™ systems as platforms for their equities and derivatives trading. During 2004, SAXESS™ and CLICK™ will also be implemented at the exchange in Helsinki as part of the integration between OM and HEX. In addition, the exchange in Reykjavik uses SAXESS™, which will also be implemented at the exchanges in Tallinn and Riga.

TARGIN™, OM Technology's system for collecting, processing and distributing information in real-time, is used today at the exchanges in Stockholm and Copenhagen. TARGIN™ will also be implemented at the exchanges in Helsinki, Reykjavik, Tallinn and Riga.

A common trading system creates the prerequisites for cost-efficient operations and increased liquidity by reducing the cost of accessing marketplaces for investors.

Clearing

After a trade has been made on the exchange it is cleared, that is, obligations and counter-obligations are collected and offset between buyers and sellers. Central clearing means that the clearing house assumes the counterparty risk by entering as the counterparty towards buyers and sellers of securities.

Today, HEX Integrated Markets offers central counterparty clearing in the Finnish and Swedish derivatives markets. Clearing is carried out through OM Technology's clearing system SECUR™, which is used at the exchanges in Stockholm, Oslo and Copenhagen, and which will also be implemented in Helsinki. Central counterparty clearing exists on the larger equity markets in Europe, although it is not yet in place in the Nordic and Baltic countries. Central counterparty clearing (CCP) for equity trading would lead to a lower counterparty risk, the possibility of netting delivery obligations, the possibility of anonymous trading and significantly more efficient risk management and back office management. Establishing CCP for equity trading in the Nordic and Baltic countries would lead to more efficient securities handling and strengthen the long-term competitiveness of equity trading in the region.

Settlement and depository

After execution, a transaction is settled, payment and delivery are carried out, transfer of ownership is registered and securities are deposited on behalf of the investor. This phase is known as settlement and depository. HEX Integrated Markets offers settlement and depository services for the Finnish and Baltic markets through the CSDs in Finland (APK), Estonia (EVK) and Latvia (LCD). Today, the CSDs in the Nordic and Baltic countries – VPC in Sweden, APK in Finland, VPS in Norway, VP in Denmark, EVK in Estonia and LCD in Latvia – use different systems for settlement and depository. Establishing a common system to handle all Nordic and Baltic securities would significantly boost efficiency, not least for market participants. Within the framework of the integration between OM and HEX, the intention is to implement OM Technology's system for settlement and depository, EXIGO CSD™, at the CSDs in Finland, Estonia and Latvia.

Cooperations and partnerships

NOREX

Through NOREX, the Nordic exchange alliance, HEX Integrated Markets has created an integrated Nordic infrastructure for exchange trading with harmonized trading rules together with Copenhagen Stock Exchange, Oslo Stock Exchange and Iceland Stock Exchange.

Eurex

On the derivatives side, HEX Integrated Market has an agreement through Helsinki Exchanges with Eurex, the leading derivatives exchange. Today, six Finnish equity derivatives and two indexes are traded on Eurex.

LEC

The clearing cooperation Linked Exchange Clearing (LEC), between Stockholmsbörsen, Copenhagen Stock Exchange and Oslo Stock Exchange has been contributing towards increasing liquidity for derivatives trading since its inception in 1997. LEC offers Swedish, Danish and Norwegian equity-related derivatives with local clearing from all three exchanges.

EDX London

On June 30, 2003, trading started at EDX London, a new derivatives exchange owned by OMHEX (24 percent) and London Stock Exchange (76 percent). Through LEC, EDX London offers Scandinavian equity derivatives with local clearing to market participants in London. In February 2004, a clearing link was established between Stockholmsbörsen and LCH.Clearnet, one of Europe's leading clearing organizations and central counterparty for equity trading on London Stock Exchange. Today, EDX London offers trading in Scandinavian equity derivatives as well as clearing of equity derivatives that can be traded at EDX London or over-the-counter (OTC). The aim is to broaden EDX London's operations to include additional markets and products.

Surveillance issues

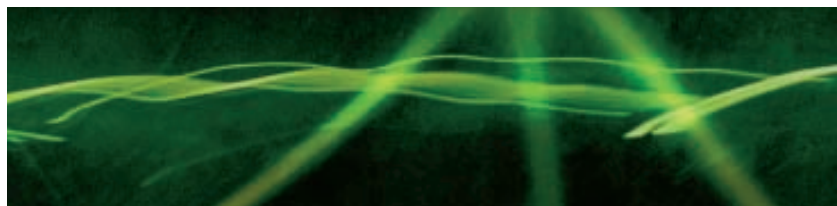
Confidence in the capital markets is of central importance for a properly functioning equity and derivatives market.

HEX Integrated Markets is responsible for establishing clear rules and regulations and for supervising to ensure that they are followed. HEX Integrated Markets' Surveillance department is separate from business operations.

Confidence survey

As part of the division's strategic work to uphold public confidence, for the second year in Sweden and the first year in Finland and internationally, a survey of members, investors, listed companies, the media and other interested parties was conducted. The purpose of the survey is three-fold. First, it aims to establish the criteria that customers and other interested parties deem to be the most important for instilling confidence in the exchange. Secondly, it aims to measure confidence in Stockholmsbörsen and HEX Helsinki using these criteria and thirdly, it follows up on how confidence-building efforts have improved confidence over time. For Stockholmsbörsen, the most important result was that confidence in the exchange as a whole increased for all criteria and for all interested parties. The most important factor for instilling confidence in Stockholmsbörsen is its trading systems, where Stockholmsbörsen received the highest confidence rating.

Stockholmsbörsen has also made special efforts to increase liquidity in equities and to fight regulatory breaches. These efforts have had positive results, with ratings improving in both of these areas. Moreover, the international and Finnish surveys showed that confidence is high in HEX Helsinki as well as in Stockholmsbörsen. The most important factor for instilling confidence in HEX Helsinki is also its trading systems. HEX Helsinki was rewarded with the highest rating for its transparency. More information about the Swedish survey is available on Stockholmsbörsen's website at www.stockholmsborsen.se.



Surveillance is responsible for the formal listing process as well as monitoring listed companies and members trading on the exchanges. Issuer surveillance ensures that listed companies follow the rules for listed companies and prepares new listings. Decisions to list new companies are taken by the Listing Committee of the exchanges. Trading surveillance is responsible for ensuring that trading is carried out in accordance with applicable legislation and the rules and regulations for members at HEX Integrated Markets' marketplaces.

If there is suspicion that a listed company or a member has acted in breach of exchange regulations, the matter is dealt with by the disciplinary committee of the respective exchange and central securities depository. Trading that is suspected to be unlawful is investigated and reported to the appropriate authorities.

Market development

Seen over time, trading in securities, primarily equities and equity derivatives, are growth markets. Average annual growth in equity trading on Stockholmsbörsen and Helsinki Exchanges was 22 percent during the last ten years, both in terms of value and volumes. A key driver behind the growth in equity and derivatives trading is the pension reforms that are being introduced in most countries in combination with an ageing population. Other important drivers are new trading patterns among institutional investors, where the proliferation of hedge funds is one example. New technology enables complicated investment strategies and the possibility to take pre-determined risk positions to a greater extent, and increases accessibility to exchange trading, both for private investors and institutions.

Significant events, revenue and income 2003

For HEX Integrated Markets, the year began on a weak note with both falling share prices and lower turnover. During the autumn, the market recovered slightly. The OMX index increased 29 percent in total during the year and the HEX25 Index went up 18 percent. Equity turnover and the number of equity trades decreased year-on-year, while the number of traded derivative contracts rose. Both the number of listed companies and members fell in 2003.

Comprehensive integration work was carried out within the division during the year. Among other things, a new organizational structure was created and a divisional Board of Directors was introduced. To harmonize fees for trading on Stockholmsbörsen and Helsinki Exchanges, a reduction in fees for Finnish stocks effective from the beginning of 2004 was announced. At the same time, a fee adjustment for market data from Helsinki Exchanges was announced. At the end of the year, Eurex announced plans, in cooperation with HEX Integrated Markets, to reduce the fees for Finnish equity derivatives from the beginning of 2004.

During 2003, HEX Integrated Markets' revenue totaled SEK 1 230 m (965). HEX was consolidated in the Group from July 1 and is only included during the last two quarters of the year. For comparable operations, excluding HEX and OM London Exchange, revenue fell 5 percent compared to 2002. The division's expenses were SEK 806 m (678) during the year. For comparable operations, excluding HEX and OM London Exchange, expenses were 15 percent lower. Operating income was SEK 424 m (287).

Competition

HEX Integrated Markets runs the seventh largest marketplace for equity trading and the third largest marketplace for equity derivatives trading in Europe. The biggest stock exchanges in Europe are London Stock Exchange, Euronext and Deutsche Börse. The exchanges compete mainly in trading, new listings, and secondary listings of larger companies as well as derivatives and index products. OMHEX's closest competitors among stock exchanges are Nasdaq, New York Stock Exchange, London Stock Exchange and Swiss Exchange. Regarding trading in equity-related derivatives products, Eurex (a subsidiary of Deutsche Börse), Euronext and OMHEX are largest. In derivatives trading, OMHEX competes mainly with Eurex, Chicago Board Options Exchange and LIFFE (a subsidiary of Euronext). Competitors are not limited to other exchanges; equities and options are also traded off-exchange through OTC trading. Moreover, established exchanges compete with alternative marketplaces, particularly in the US, and indirectly with the larger banks that internalize trades.

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Business areas within HEX Integrated Markets

Cash Markets

The Cash Markets business area comprises equity trading at Stockholmsbörsen and Helsinki Exchanges as well as the cooperation through NOREX, the Nordic exchange alliance. Within HEX Integrated Markets, OMHEX operates the largest stock exchange in the Nordic countries and the seventh largest in Europe, offering access to 80 percent of the Nordic equities market.

Cash Markets' customers include listed companies, exchange members and information vendors. The business area offers trading, listing and information services related to equities, premium bonds, convertibles, warrants, bonds, rights and exchange-traded funds.

Listed companies, the issuers, are offered an efficient marketplace for raising capital and a distribution network in the form of members who can directly or indirectly reach investors the world over. At the end of the year, listed companies on all exchanges within HEX Integrated Markets numbered 497 (522).

Members, banks and brokerage firms can offer their customers around the world trading in Nordic securities. Through OMHEX, members take part in an open and efficient trading system with easy access and an internationally adapted rulebook. At year-end, the number of equity trad-

ing members was 100 (73). The average daily equity turnover went down 14 percent during the year, from SEK 17.7 billion during 2002 to SEK 15.5 billion during 2003. The average number of transactions amounted to 52 500 (53 300). Turnover velocity in equity trading was 113 (118) percent. The aggregate exchange value of all HEX Integrated Markets' listed companies was SEK 3 773 billion (3 194).

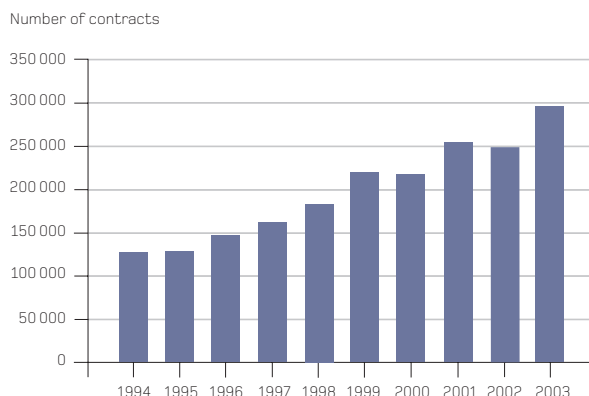
Nordic and foreign information vendors such as Bloombergs, Reuters and SIX receive information from the exchanges within OMHEX. At year-end, the number of information vendors and members who distribute trading information was 135 (137).

Derivatives Markets

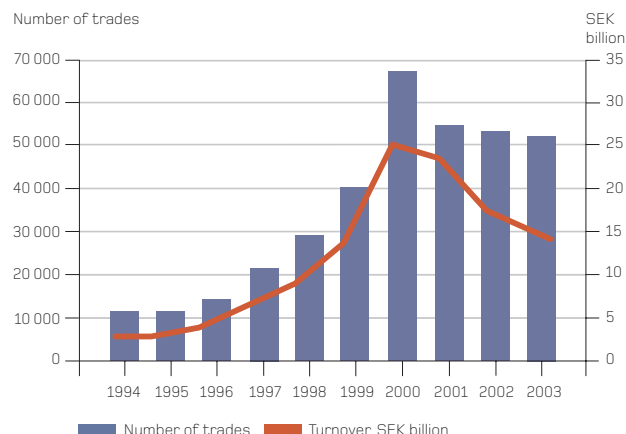
The Derivatives Markets business area comprises derivatives trading and clearing operations at Stockholmsbörsen and Helsinki Exchanges, as well as cooperations with mainly Eurex and EDX London.

HEX Integrated Markets operates the largest equity derivatives exchange in the Nordic countries and the third largest equity derivatives exchange in Europe. Customers include exchange members and clearing members, that is, banks and brokerage firms. Through the business area, members are offered trading and clearing services related

AVERAGE DAILY TURNOVER IN DERIVATIVE CONTRACTS ON STOCKHOLMSBÖRSEN AND HELSINKI EXCHANGES



AVERAGE DAILY TURNOVER IN EQUITY TRADING ON STOCKHOLMSBÖRSEN AND HELSINKI EXCHANGES





to equity options, index options, fixed-income derivatives, equity futures and index futures.

Through the exchanges in Stockholm and Helsinki, OMHEX offers clearing for both equity and fixed-income related derivative products and enters as the central counterparty towards both buyers and sellers. This makes the market more efficient since all participants can act without taking the original counterparty risk into consideration as part of the price picture. As security against the risks that arise from its clearing operations, HEX Integrated Markets requires members and end customers to provide collateral. Clearing at the exchanges in Stockholm and Helsinki is carried out at the end customer level, and at year-end there were 115 000 (112 000) end customers.

In addition to clearing exchange-traded derivative products, HEX Integrated Markets also offers clearing of OTC derivatives through Stockholmsbörsen, which means that it clears non-standardized trades carried out off-exchange. The number of derivatives trading members was 50 (41) at the end of the year.

The total number of derivatives (equity and fixed-income related) contracts traded daily at HEX Integrated Markets increased 5 percent, from 334 144 contracts per day during 2002 to 350 431 per day in 2003.

Settlement & Depository

The Settlement & Depository business area comprises operations within the Finnish Central Securities Depository, APK, which facilitates settlement of transactions and handling of Finnish and foreign securities. The business area has responsibility for settling transactions in equities and bonds between buyers and sellers, registers corporate actions such as dividends and other changes in share capital (such as issues) in the book-entry system, and maintains the electronic register of investors' holdings in Finnish securities.

Settlement & Depository customers include banks and brokerage firms, listed companies and retail investors. The business area offers banks and brokerage firms clearing and settlement services for securities as well as maintaining the register of securities accounts. It offers listed

companies registry services for shareholders' lists and insider lists, among other things. It also maintains links to other central securities depositories such as the Swedish central securities depository (VPC), which facilitates cross-border transfers of securities. The number of transactions cleared during the year dropped by 11 percent with respect to equities and by 15 percent with respect to fixed-income products compared to 2002, while the total market value of deposited equities increased by 4 percent and by 3 percent for fixed-income products.

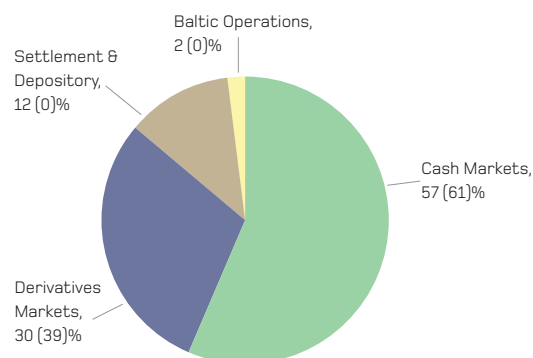
Baltic Operations

The Baltic Operations business area includes HEX Tallinn and HEX Riga, which each own the exchanges and CSDs in the respective countries.

The business area's customers include banks and brokerage firms, listed companies, investors and information vendors in Estonia and Latvia.

Baltic Operations offers banks and brokerage firms trading, clearing, settlement and depository of Estonian and Latvian equities, bonds and other financial instruments vis-à-vis Baltic and foreign investors and members. The business area is also responsible for the funded public pension account register systems in Estonia and Latvia as well as the company register for limited companies in Estonia.

REVENUE PER BUSINESS AREA IN HEX INTEGRATED MARKETS 2003





OM Technology division

OM Technology helps customers sharpen their competitive edge. With a wide range of products and services, OM Technology offers integrated solutions that enable the market's most efficient handling of securities.

OM Technology provides technology and outsourcing services to securities markets around the world. Customers are companies on financial markets: exchanges, clearing organizations, central securities depositories, banks and brokerage firms. OM Technology also offers solutions to energy market participants.

OM Technology's customers – a considerable number of world-leading financial companies – contribute indirectly to exchange operations within HEX Integrated Markets by helping them maintain their competitive functionality, cost efficiency and dependable operation. At the same time, the knowledge and experience from the marketplaces within HEX Integrated Markets guarantee that the technology and services in OM Technology's offering are proven and competitive.

World-leading technology and a network of customers and partners also enable successful cooperation and infrastructure agreements, such as the merger between OM and HEX or the establishment of EDX London and NOREX. Modern technology is an important prerequisite for consolidating and establishing new business models in the financial markets. OM Technology has 100 customers in 11 countries. The division's operations are divided into three business areas: Financial Markets, Banks & Brokers and Global Services.

Market and customers

The market for infrastructure within the area of securities can be broken down into the following categories: *market-place operators* such as exchanges, clearing organizations and central securities depositories and *market participants* such as banks, brokerage firms, trustees and insurance companies.

The global market for securities has historically been characterized by strong growth and profitability, but for the last few years has been impacted by the global recession. Many market participants have focused on adapting

the capacity levels of their operations to current market conditions and reducing their costs through consolidation and increased efficiency.

As a result of increased globalization and continued deregulation of the financial markets, at the same time, a gradual restructuring is ongoing, which makes demands on companies' ability to adapt to new market opportunities and competitive situations. The demand for risk management is also increasing as new requirements for control and capital adequacy are being introduced in the industry.

In this process of adaptation, dependence on technology is great and a continual exchange of old technology for new is crucial to maintain a competitive edge. An increasing number of companies are also choosing to outsource parts of their operations to external partners to increase focus on their core operations, reduce costs and improve efficiency.

Competitive advantages – customer benefits

OM Technology's solutions, services and products aim to make securities transactions more efficient for marketplace operators and participants in the securities markets. Through many years of operation in a sector with a high demand for industry knowledge, quality, availability and flexibility OM Technology has secured a strong market position in several areas.

OM Technology's solutions are based on systems with an open architecture and high performance to enable efficiency, flexibility and scalability. This means that OM Technology can meet customers' demands for systems integration and connectivity – regardless of geographical and market boundaries – and can offer flexibility when it comes to functionality, capacity and the possibility to handle different types of financial products within the same system. This is reflected in the fact that OM Technology's many customers can be found in different parts of the world, in areas with different financial infrastructure, market models and demands.

OM Technology also offers outsourcing of systems solutions (as ASP, Application Service Provider) and business processes (as BSP, Business Service Provider) for the entire transaction chain, from front office to back office. OM Technology's outsourcing solutions are proven and specially designed to meet the extremely high demand for dependability and security required by participants in the securities markets.

Competition

OM Technology is a leading provider of solutions to market-place operators. Competitors in this area are primarily companies such as Atos Euronext, LIFFE, Computer-share, Tata Consultancy Services, IBM and Accenture. Within the area of outsourcing, OM Technology is unique thanks to its streamlined offering to the financial sector, which is made up of customers with extremely high demands. Examples of competitors in this area are IBM, EDS and Accenture.

In the area of products and services targeted at market participants, competitors are generally small, local suppliers of systems and system components. Some examples of larger, international participants who compete with OM Technology in this market are SunGard, Royal Blue, GL, Pershing and ADP.

Business model

OM Technology's proven solutions, products and services are the building blocks that can be used to create customer-specific solutions. After OM Technology has developed and delivered a systems solution, the customer licenses the right to use the software. The *license fee* that OM Technology subsequently receives is often fixed, but can also be volume-based, and is paid as long as the customer uses the platform in question. Each customer project comprises adaptations for customer-specific requirements related to functionality and capacity. This development and installation work generates *project revenue* that is usually

OM TECHNOLOGY – CUSTOMERS, SERVICES AND PRODUCTS

	Front office	Marketplace	Clearing	Settlement/depository	Back office
SERVICES	Securities IT Outsourcing ASP	Securities IT Outsourcing	Securities IT Outsourcing	Securities IT Outsourcing	Securities IT Outsourcing ASP BSP
PRODUCTS	Front office system Order management system	CLICK XT™ SAXESS™ TARGIN™	SECUR™	EXIGO CSD™	Back office system
TYPE OF CUSTOMER	Banks/Brokerage firms	Exchanges/ marketplaces	Clearing organizations	Central securities depositories (CSDs)	Banks/Brokerage firms
CUSTOMER EXAMPLES	Citigroup Charles Schwab Ed Jones Fidelity ING Bank Merrill Lynch State Street	ASX BrokerTec ISE HKEx NASDAQ SGX Nord Pool	BOTCC EDX London HKEx KOFEX Nord Pool SFE Corporation WBAG	SFE Corporation HEX Integrated Markets	SEB H & Q Avanza E*trade Kaupthing Bank ABG Securities Erik Penser

invoiced continuously according to degree of completion. When a systems solution is delivered, OM Technology undertakes to improve and develop the solution on an ongoing basis, for which it receives recurring *support revenue*. Within the Global Services and Banks & Brokers business areas, OM Technology also provides processing and outsourcing services. An operational solution from OM Technology generates annual recurring revenue that can be fixed or volume based, *Facility Management Services revenue*.

Significant events, revenue and financial result 2003

For OM Technology, 2003 was a challenging year with a low demand for technology and technology-related services. Lower demand for technology and technology-related services led to significant cost-savings measures and redundancies to improve profitability. Sales were mainly add-on sales to existing customers and OM Technology broadened business relationships with a number of strategic customers such as ISE and NASD. During the fourth quarter, OM Technology received a strategically important order from Singapore Exchange.

Revenue in the division amounted to SEK 1 698 m (1 860) during 2003. For comparable operations, excluding HEX and income from the sale of shares, revenue decreased by 12 percent compared to the same period in 2002. At the end of the year, the order value amounted to SEK 2 974 m (3 118) with orders for SEK 1 173 m (1 135) due for delivery within the next year.

The division's operating expenses totaled SEK 1 861 m (1 879). For comparable operations, expenses decreased by 8 percent. A series of measures to improve cost-efficiency were introduced within OM Technology during the year to meet the lower market demand and to focus operations. The measures include the restructuring of the Energy Markets business area and OM Technology's product portfolio as well as concentrating operations in fewer offices. Investments in research and development amounted to SEK 207 m (240), which corresponds to 11 (13) percent of revenue, of which SEK 145 m (108) has been capitalized. The operating loss in the division was SEK 157 m (loss: 19) during 2003.



Business areas within OM Technology

Financial Markets – transaction technology

In the Financial Markets business area, OM Technology develops systems solutions that make securities transactions more efficient for all types of financial instruments, including energy-related instruments. Customers include mainly exchanges, clearing organizations and central securities depositories.

Over the last decade, OM Technology has established a market-leading position as a provider of systems solutions to exchanges, clearing organizations and central securities depositories around the world. OM Technology's world-leading exchange solutions CLICK™ and SAXESS™ have been delivered to more than 25 exchanges. OM Technology's clearing solution SECUR™, for clearing derivatives, is used by ten exchanges and clearing organizations around the globe. During the year, two new products were launched – EXIGO CSD™ – a complete system for central securities depositories, and TARGIN™ – a system for collecting, processing and distributing market information in real-time.

Banks & Brokers – processing services

Within the Banks & Brokers business area, OM Technology offers services and products that contribute to making internal infrastructure more efficient mainly for banks and brokerage firms. OM Technology helps boost customers' businesses by providing modern and cost-efficient securities handling. During the year, the product and service offering within the business area was streamlined, which also included closing offices and phasing out products.

The business area offers services for analyzing and carrying out change processes aimed at developing customers' business operations and making them more efficient. Through Banks & Brokers, OM Technology also offers systems solutions that automate processes and operations within the areas of front office, order management and back office as well as operation and support of these areas. Moreover, Banks & Brokers offers outsourcing

of systems solutions (as ASP) and operational processes such as "Back Office for Hire" (a BSP solution).

Global Services – outsourcing solutions

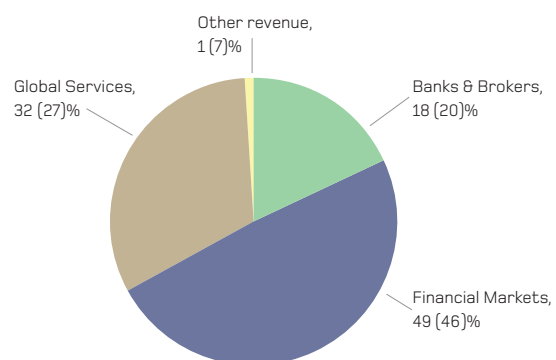
Through the Global Services business area, OM Technology provides different types of IT-related outsourcing services. These services target mainly marketplace operators in the financial and energy markets who require mission-critical systems solutions and who have very high demands. OM Technology assumes responsibility for an existing IT system, including personnel, and delivers increased customer value through more efficient processing and systems solutions. From operating hubs in Stockholm, Helsinki, London, New York and Sydney, Global Services offers operational services around the clock, seven days a week, 365 days a year.

To effectively meet the specific demands of the securities markets for high accessibility and security, the business area offers a multitude of services. OM Technology provides tailor-made solutions, from inventory and analysis services to operation and outsourcing within data communication, hosting and applications as well as integration and transformation.

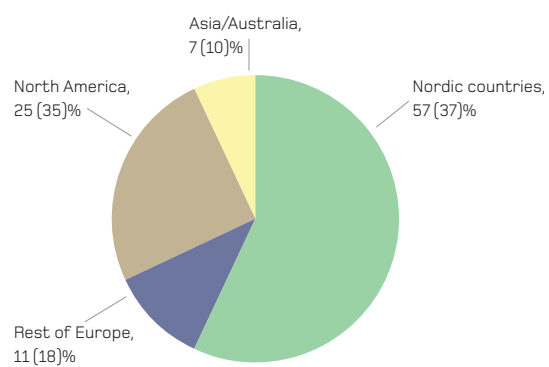
By letting OM Technology take care of the operation and support of a system, customers are able to focus on their core operations and minimize their operational risk. At the same time, significant large-scale production advantages are achieved, and customers gain access to efficient technology and infrastructure for securities trading. All of OM Technology's operating hubs work in parallel to guarantee surveillance, operations and disaster recovery management.



REVENUE PER BUSINESS AREA, OM TECHNOLOGY 2003

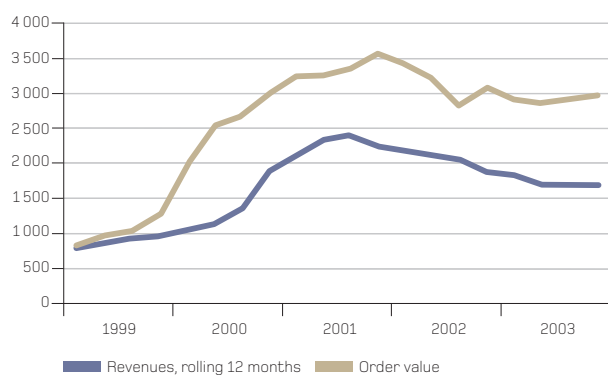


REVENUE PER GEOGRAPHICAL REGION, OM TECHNOLOGY 2003



REVENUE AND ORDER VALUE IN TECHNOLOGY OPERATIONS, 5 YEARS

SEK m



Employees and the organization

The year 2003 was a year of great change for employees. OM merged with HEX, a new company management was formed and an extensive cost-efficiency program was launched.

OMHEX integration

The merger between OM and HEX gives rise to new challenges and puts new demands on both the employees and the organization. For OMHEX employees it means new colleagues and a new way of working. For the organization, management and professional development issues are in focus and more important than ever. An important success factor in the realization of projected synergies at OMHEX is the combination of expertise from both companies and the establishment of a common knowledge base.

Employees

The number of people working within the Group totaled 1 674 (1 722) at the end of 2003, of which 1 603 (1 633) were employed and 71 (89) were consultants. Of these, 352 (237) were employed within HEX Integrated Markets, 1 128 (1 365) within OM Technology and 123 (31) within the Parent Company.

During the year HEX contributed 426 employees, of which 206 work in the HEX Integrated Markets division, 189 in the OM Technology division and 31 at the Parent Company.

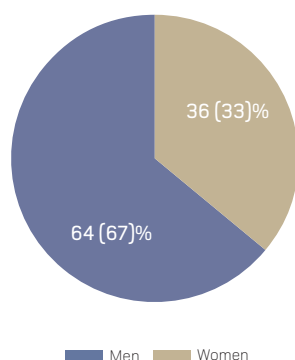
The number of managers at year-end was 184 (234). The number of long-term leave-takers, which comprises employees on sick, parental or unpaid leave for a minimum of three months, was 89. The average employee age was 36 (33).

Cost-efficiency program

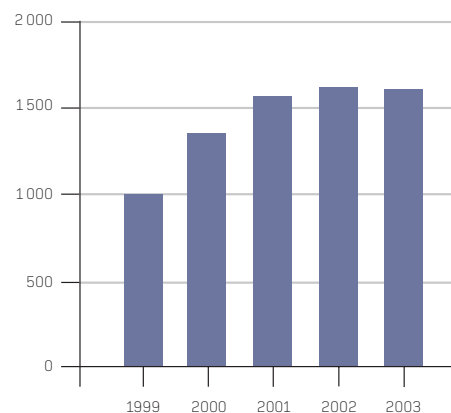
As a result of continued weak markets it was necessary for the company to implement an extensive cost-efficiency program during the year. The company's technology operations have primarily been affected by job cutbacks and the divestment of operations. For comparable operations excluding HEX, since the launch of the cost-efficiency program in June 2003, the number of people working within the Group has been reduced by 453 people. This number includes permanent employees and consultants.

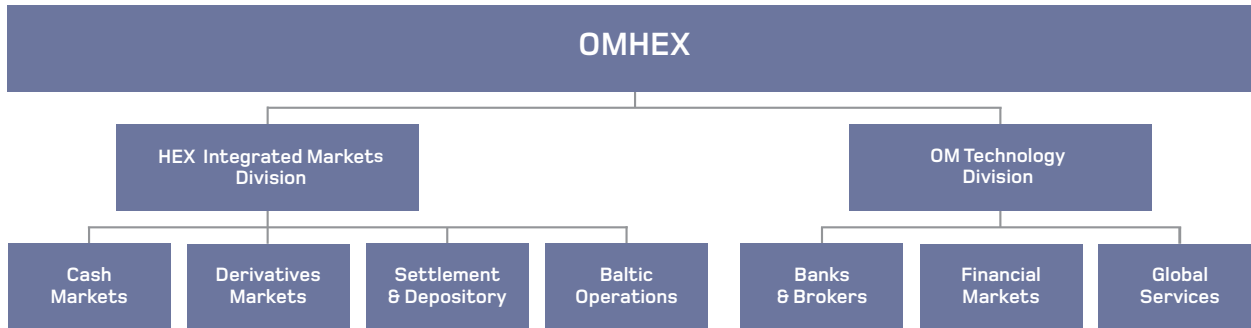
It is important for OMHEX to be a first-rate, responsible employer. Employees affected by the cost-efficiency measures were offered a support program that involves an individual coaching program aimed at finding new career paths, among other things. Within six months, 90 percent of those affected found new work or another career.

GENDER DISTRIBUTION IN %, 2003



NUMBER OF EMPLOYEES





A global workplace

At the year-end OMHEX had operations in 12 countries: Australia, Canada, China, Estonia, Finland, Germany, Italy, Latvia, Norway, Sweden, the UK and the US. The proportion of employees outside Sweden was 41 percent (30), equivalent to 662 (491) people. The proportion in Finland was 26 percent (0), equivalent to 426 people. During the year OMHEX opened a new office in Shanghai. Offices in Copenhagen, Edinburgh, Frankfurt and Toronto were closed down or divested as a result of the cost-efficiency program.

Knowledge enhancement and management development

In a fast-changing environment where new business opportunities continuously arise, managing the flow and development of expertise is vital. Knowledge enhancement and management development are therefore an integral part of OMHEX's operations and closely linked to the company's business objectives and strategic development. They are also deciding factors for the successful integration of OM and HEX.

During 2003, the focus has been on implementing an effective process for knowledge enhancement that is closely linked to business plans. The process comprises goal and development discussions, individual development plans and an analysis of expertise requirements.

During the year a number of different programs and activities were carried out to strengthen management skills and secure knowledge enhancement within the company. In conjunction with the formation of the new company, 20 senior managers underwent a Management Appraisal

Program, an evaluation of existing managers' expertise and experience. To create an open management network a global leadership program was carried out. In Sweden, a mentorship program was run to support new managers in their roles.

In addition to these programs, each business area carried out a number of their own activities during the year. Both globally and locally employees have participated in business-specific training within IT, project management and language. Newly appointed managers have taken part in management education.

In order to integrate the merged companies' expertise a new common model for performance appraisals was developed for OMHEX.

Equal opportunities work

OMHEX has a stated ambition to promote equality and diversity within the workplace. Equal opportunity work is managed by a special Equal Opportunities Committee headed by the President and CEO of OMHEX. The committee develops the equal opportunities plan including objectives and implementation measures as well as managing and following up this work within the company. The equal opportunities plan describes the company's goals and activities on an overall level according to Swedish law. Local offices are thereafter responsible for implementing their own plans based on prevailing legislation and agreements, as well as the organization's internal conditions. The equality work and plan are characterized by clear management responsibility, where the ambition is that equal opportunities goals be included in the company's business plans.

At the end of the year the proportion of women in the company rose to 36 (33) percent. The percentage of female managers increased to 30 percent, compared to 23 percent the year before. At the executive management level and at the business area level, the proportion of women was 22 (25) percent.

Work environment

OMHEX puts high demands on employees. Being able to provide a comfortable and stimulating work environment, characterized by openness, affiliation and collaboration between management and employees as well as respect and confidence in the individual is important to the company's competitiveness.

During 2003, investment in the work environment intensified in the company. Among other things, a work environment handbook was implemented and extensive training measures for managers were carried out in Sweden.

Ethics

Financial markets are built on confidence and clear game rules. OMHEX contributes to society by promoting growth and prosperity through enabling effective securities transactions. OMHEX also strives to be a premier workplace and a partner that customers and suppliers can be proud of.

During 2002 and 2003, OM developed a Corporate Social Responsibility (CSR) policy to support and assist in ethical issues. Since the merger between OM and HEX the CSR policy is being adapted to fit the new company. During the spring 2004, an updated CSR policy will be adopted by the Board of Directors.

Environmental work

OMHEX offers products and services that use limited resources both in their production and within the end product and therefore do not have any significant direct impact on the external environment. OMHEX's greatest direct impact on the external environment is through recycling different office products, from paper to various types of hardware. OMHEX always strives to purchase environmentally friendly products and materials.





Risk management

Risk management is a fundamental part of the systematic work to achieve the goals of the company while at the same time minimizing damage and unexpected events. This means that risk management is also an important component of the continuous work to increase shareholder value.

OMHEX's business operations place great demands on risk management. The HEX Integrated Markets division exclusively includes operations that are the subject of legislation and external regulation. Similar conditions apply to a great extent to those parts of OM Technology that provide systems solutions, systems operations and other services to exchanges, clearing organizations, central securities depositories and other types of supervisory regulated institutions in various countries. Decentralized risk-taking and risk management are coordinated and controlled at the Group level.

OMHEX's operations are run with controlled risk-taking and active management of undesirable risk exposure with the aim to increase financial results and profitability. During the year, additional steps were taken to develop risk management, both with respect to the type of risk included as well as organizational units that have structured risk management work. The objective is to handle all of the risks to which OMHEX is exposed (revenue risks, cost risks and asset-related risks) in an effective and secure way.

WORKING AREAS WITHIN THE "CORPORATE GOVERNANCE RISK MANAGEMENT PROCESS"

Business Risk	Business Processes
Accounting	Internal Audit

Focus within the working area Business Risk is on the primary risks inherent in the business areas as well as profitability reviews. In Business Processes the focus is on mission-critical issues. In Accounting, the focus is on quality and standards for external reporting. The Internal Audit area addresses efficiency within the framework of risk management and internal control.

OMHEX's risk management process

Risk management work is a uniform and continuous process that aims to identify, evaluate, manage and control all considerable risks within OMHEX. Risk management encompasses different types of risk prevention measures, damage limitation measures and risk financing measures. The focus of risk management work spans the area of market risks, business risks, operational risks and financial risks and includes all of the business operations and business support operations within the Group.

The risk management process is to a great extent integrated in the continuous management work on different levels, but there are also additional activities connected to the reporting of risk exposure and control of risk management. Reporting is carried out on a quarterly and annual basis, from the responsible business unit to the Board of Directors, and is managed by a group function called "Risk Control and Reporting." In addition to this risk reporting, incident reporting is carried out in the different business units through the Group Security unit.

The risk management process at OMHEX includes the following roles and responsibilities:

- The Board of Directors has overall responsibility for OMHEX's risk management and risk exposure.
- The executive management is responsible for all risks associated with responsibility for the company's business. The responsibility for risks includes all types of risks (market risk, business risk, operational risk and financial risk).
- Risk specialists within different areas such as security, counterparty risk, IT risk, etc., provide the management and those with responsibility for the business with support by identifying and managing risks within their areas of specialization.
- Internal and external auditing investigates the risk management process and practical work by minimizing risk exposure within different areas.

OM Technology division

Business areas within OM Technology provide systems solutions, systems operations and other services for exchanges, clearing houses and other financial and energy market institutions. The specific risks contained within OM Technology relate primarily to the different phases in providing a service. These are the sales phase, delivery and implementation phase and production phase. The sales phase includes risks such as loss of earnings and currency risks. Risks are managed by each business area although they are coordinated and supported by business controllers and centralized functions.

Operational risks, project risks, credit risks and quality aspects, are managed during the delivery and implementation phase, as well as in the production phase. As previously mentioned, risks are managed within each business area and unit, and coordinated and supported by the central function Group Security, as well as the project and business controller functions that monitor, measure and handle these risks appropriately.

HEX Integrated Markets division

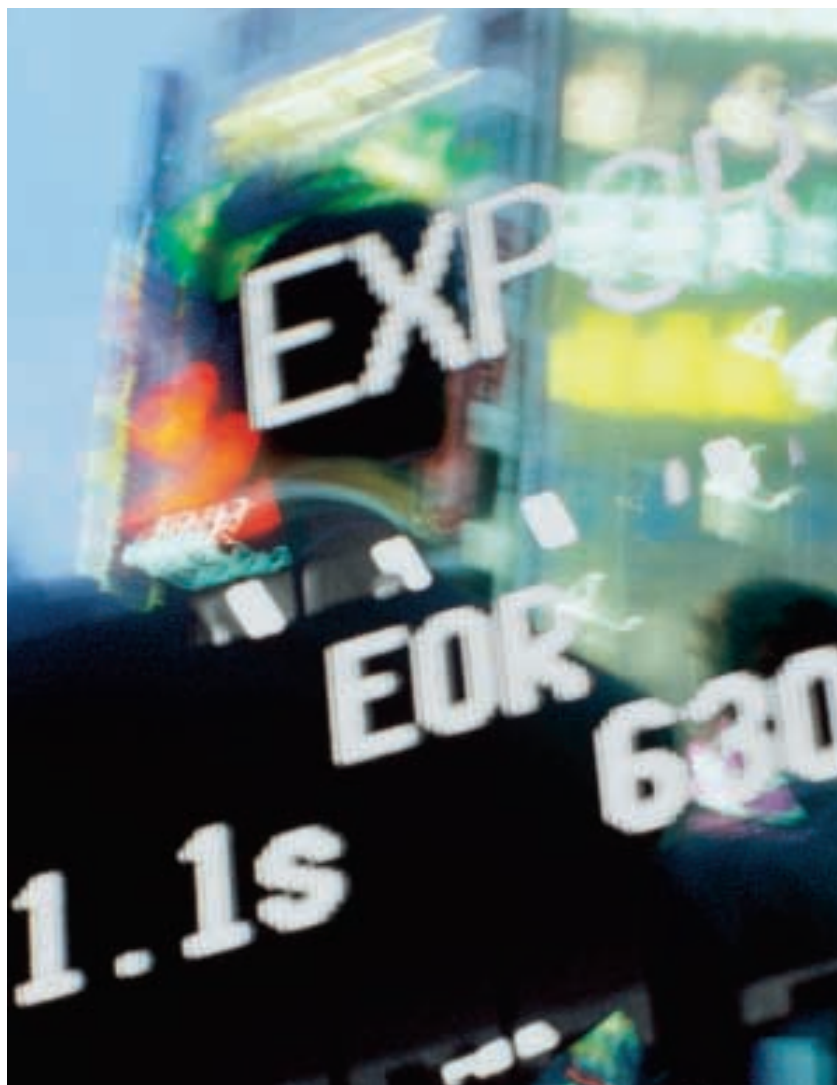
The HEX Integrated Markets division offers exchange trading, derivative clearing, listing, securities registration, training and market information services. These businesses face traditional business risks and risks that are unique to providing derivatives clearing services.

The unique risks associated with the derivatives clearing business arise as a result of HEX Integrated Markets division (Stockholmsbörsen AB, OM London Exchanges Ltd., Helsinki Securities and Derivatives Exchange and Clearing House Ltd.) assuming the counterparty risk in all transactions that are cleared for their respective markets. In providing clearing services, these companies guarantee that their cleared contracts will be honored.

The risks that are particularly associated with the derivatives clearing business include counterparty risks, market risks, settlement risks and concentration risks as well as operational risks. The most noteworthy risk associated with clearing operations is the risk that one or several clearing participants will default on their obligations. The ability to manage default risk is dependent upon several factors

including the control of the clearing operations, control of the collateral that is provided, pro-active risk management, a sound legal foundation and financial strength. It is important to note that while each clearing counterparty has certain rights and benefits from the clearing services, they must also accept certain obligations and responsibilities. One of the primary obligations of clearing counterparties is to provide the required amount and type of eligible collateral in accordance with the respective Rules and Regulations to serve as security for the counterparty risks that are undertaken.

In addition to the collateral that is provided, there are established policies, instructions, rules and regulations as well as procedures that are specifically designed to ensure that these risks are adequately managed.



The OMHEX share

In conjunction with the merger between OM and HEX, the OMHEX share was listed on Helsinki Exchanges' Main List on September 4, 2003. OM's share was first listed on Stockholmsbörsen in 1987.

During the year, the OMHEX share increased 115 percent, compared to Stockholmsbörsen's OMX index, which went up 29 percent during the same period. At year-end, the OMHEX share hit an annual high of SEK 89.5, equivalent to a market capitalization of approximately SEK 10.3 billion. The year's low was on February 7 when the OMHEX share closed at SEK 32.7, equivalent to a market capitalization of about SEK 2.7 billion.

The average total annual return (price change and re-invested dividend) for the OMHEX share during the past 10 years is 18 percent. The corresponding development for the Swedish SIX Return Index (SIXRX) was 11 percent during the same period.

New issue, share capital and number of shares

During the year, OMHEX made changes to its share capital. Prior to the merger between OM and HEX, the company carried out a new issue of shares, after which share capital increased SEK 63 011 794, with a total of 31 505 897 new shares issued. On December 31, 2003, the share capital amounted to SEK 231 m, distributed between 115 547 015 shares each with a par value of SEK 2.

Of the convertible debentures and warrants issued to employees in 1998, none were converted during the year. At year-end, convertible debentures equaled 340 400 outstanding shares and warrants corresponded to 437 300 outstanding shares. Conversion of OMHEX shares is allowed up to May 2004.

At an Extraordinary General Meeting held on August 19, the meeting resolved to issue 1 150 000 warrants to be offered to key employees at OMHEX. Each option is equivalent to one share and warrants corresponding to 310 000 shares were subscribed. Conversion is possible to July 2006.

Upon full conversion and full exercise of warrants, 1 927 700 shares can be introduced. This would mean a total of 117 474 715 OMHEX shares, equivalent to a dilution effect of less than 2 percent.

Turnover and volatility

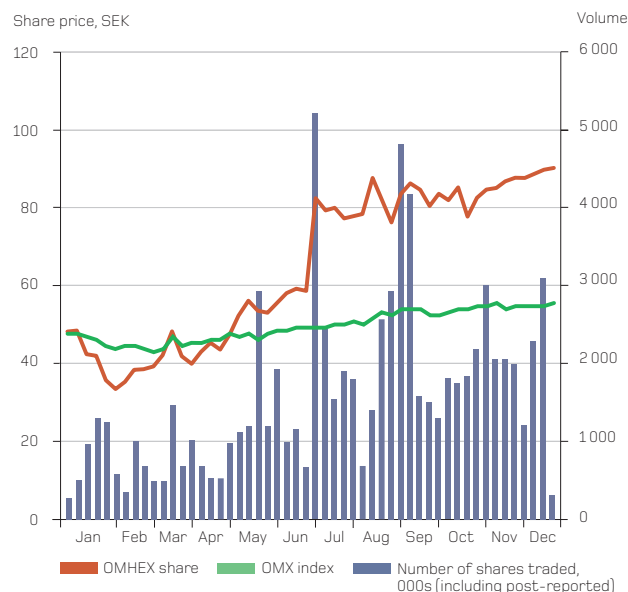
During the year, total turnover in the OMHEX share on Stockholmsbörsen and Helsinki Exchanges (from September 4) went up 102 percent, from 51 to 102 million OMHEX shares, including transactions post-reported. On average, 412 654 OMHEX shares per day were traded, with a daily average of 335 267 shares on Stockholmsbörsen and 237 895 shares on Helsinki Exchanges. Turnover was highest on September 5 when a total of 5.3 million shares were traded.

The volatility of the OMHEX share decreased compared to last year. Measured over 250 days, volatility was 47 (71). The share's beta for a rolling 60-month period dropped to 1.59 (1.80).

Number of shareholders

The number of shareholders was 17 284 (18 312) at the end of 2003. Swedish institutional ownership increased and at

PRICE DEVELOPMENT FOR THE OMHEX SHARE 2003





year-end, a total of 62.2 (56) percent of OMHEX's share capital was held by Swedish institutions. Of the total number of shareholders the share of Finnish shareholders was 8.2 percent. The proportion of foreign ownership increased from 11.5 to 26.9 percent during the year. At the same time, total foreign ownership on Stockholmsbörsen was 33 (34) percent of the total market capitalization of listed companies.

Dividend policy and dividends

OMHEX's dividend is paid in line with the company's earnings trend and long-term capital requirements. For 2003 the Board has decided that no dividend will be paid.

Annual General Meeting

OMHEX's Annual General Meeting will be held on Thursday, March 25, 2004 at 17.30 CET in Stockholm. Additional information can be found at www.omhex.com.

PRICE RELATED DATA	1999	2000	2001	2002	2003
Share price at year-end, SEK	185	233	138	41.6	89,5
Share price/ Shareholders' equity per share	5.6	6.7	5.1	1.8	2.9
Direct yield, %	2.7	2.6	0.7	2.4	0
Earnings multiplier, P/E ratio at year-end	35	27	—	—	—
Beta (60-months) at year-end, Last paid	1.03	1.51	1.54	1.80	1.59
Volatility (250 days) at year-end	44	76	64	71	47
Average number of OMHEX shares traded daily, 000s	154	182	166	204	413
Average value of OMHEX shares traded daily, SEK thousand	17 071	67 568	24 414	15 454	29 651
KEY FIGURES PER SHARE, SEK	1999	2000	2001	2002	2003
Earnings	5.30	8.69	-0.30	-0.85	-4.33
Dividend as percent thereof (proposed)	94	69	—	—	—
Earnings after full conversion	5.23	8.61	-0.30	-0.85	-4.33
Dividend (proposed)	5.00	6.00	1.00	1.00	(0)
Dividend, annual change, %	11	20	-83	0	-100
Shareholders' equity	34	36	27	24	31
Shareholders' equity after full conversion	33	35	27	24	30
Number of shares, 000s	83 743	84 035	84 040	84 041	115 547
Number of new shares after full conversion, 000s	1 075	784	779	778	1 928

BROKERS WHO ANALYZED THE OMHEX SHARE IN 2003

ABG Securities, ABN Amro Alfred Berg, CAI Cheuvreux, Cazenove & Co, D. Carnegie, Deutsche Bank, Enskilda Securities, FIM Securities, HSBC, Kaupthing Bank, Nordea Securities, Sal. Oppenheim, Skandiabanken, Svenska Handelsbanken, Swedbank, UBS Warburg, WestLB, Öhman Fondkommission

PRINCIPAL OWNERS, Dec 31, 2003	Number of shares	Share capital and votes, %
Investor AB	13 050 507	11.3
Swedish state	7 993 466	6.9
Nordea	6 595 078	5.7
Robur Fonder	6 298 107	5.5
Fidelity fonder	6 012 627	5.2
AMF Pension	4 391 400	3.8
FöreningsSparbanken	3 730 784	3.2
Didner & Gerge aktiefond	3 400 000	2.9
SEB Fonder	3 082 400	2.7
Alecta	3 050 444	2.6
Other foreign owners	25 055 344	21.7
Other Swedish owners	32 886 858	28.5
Total number of shares	115 547 015	100.0

Source: SIS Ågarservice

DISTRIBUTION OF OWNERSHIP OF THE OMHEX SHARE

Number of shares	Number of shareholders	Percentage of share- holders	Number of shares	Percentage of share capital and votes
1-1000	14 999	86.8	4 047 718	3.5
1001-10 000	1 925	11.2	5 572 250	4.8
10 001-100 000	246	1.4	7 914 966	6.9
100 001-1 000 000	92	0.5	28 816 166	24.9
1 000 001-	22	0.1	69 195 915	59.9
Total	17 284	100	115 547 015	100.0

Board of Directors' Report

The Board of Directors and President and CEO of OM HEX AB (publ), corporate identity number 556243-8001, hereby submit the annual accounts and consolidated accounts for 2003.

OMHEX develops, operates and maintains technology solutions for companies in the financial, energy and commodities markets, and also owns and operates exchanges and clearing organizations.

OMHEX 2003 – GROUP PERFORMANCE DURING THE YEAR

A YEAR CHARACTERIZED BY RESTRUCTURING AND INTEGRATION

For OMHEX, 2003 was an eventful year during which many strategically important measures were implemented and significant orders were won. Against a backdrop of weak markets and the need to streamline operations, a cost-efficiency program was implemented within the Group. During the summer, OM and the Finnish exchange organization HEX merged to create OMHEX, and at that time a new corporate management was introduced.

MERGER WITH HEX

On May 20, 2003, it was announced that OM and HEX would merge to create an integrated Nordic and Baltic market for listing, trading, clearing, settlement and registration of securities. Customers within the HEX Integrated Markets division will benefit from harmonized markets, lower costs for connecting to the Nordic markets, a wider range of services and increased trading. OMHEX will be a more profitable company with higher earnings through synergies on both the cost and revenue sides. The merger is expected to result in annual cost savings of up to SEK 220 m before tax, with full effect within three years. These advantages and synergies build on the need for new technology and more efficient systems operations at HEX as regards trading,

clearing, settlement and depository of securities. In this respect, OMHEX's technology operations are a prerequisite.

Shareholders of HEX were offered 2.5 new OM shares for each HEX share held. OM already owned shares corresponding to a holding of 15.6 percent in HEX, which is why these shares were not included in the offer. HEX was consolidated in the Group from July 1, 2003. Following the resolution of a General Meeting, OM's company name was changed to OM HEX AB, and on September 4, the OMHEX share was listed on the Main List of Helsinki Exchanges. In accordance with a resolution taken by OM's Extraordinary General Meeting held on August 18, 2003, the company's share capital was increased on two occasions by a total of SEK 63 011 794 and 31 505 897 new shares were issued. As a result, the total number of shares increased to 115 547 015.

The creation of OMHEX is expected to provide benefits for listed companies, members and investors. Consolidation was carried out with effect from July 1, and the acquisition price amounted to SEK 62 per OM share. HEX is therefore only included in the Group's accounting from the third quarter. The acquisition has contributed consolidated goodwill amounting to up to SEK 1 764 m, which will be depreciated over 20 years. The increase in goodwill from the end of the third quarter is due mainly to higher transaction costs and the significant need for write-downs in the acquired entity. Expenses for the transaction – restructuring, redundancies and technology harmonization – are estimated at SEK 430 m before tax, of which the main part affects the goodwill that resulted from the merger. Minor adjustments to the acquisition calculation may occur subsequent to this report. As a result of the acquisition, the company's balance sheet total has increased by approximately SEK 2 300 m.

COST-EFFICIENCY PROGRAM 2003

During the second quarter, OM introduced a cost-efficiency program aimed at streamlining operations and improving the company's profitability. The program, which primarily targets OM

EARNINGS TREND – SUMMARY

SEK m	Jan-Mar 2003	Apr-June 2003	July-Sept 2003	Oct-Dec 2003	2003	2002
Revenues	612	595	729	750	2 686	2 640
Expenses, excluding items affecting comparability	-598	-611	-690	-695	-2 594	-2 570
Operating income, excl. items affecting comparability	22	-11	45	57	113	108
Operating income	22	-535	45	19	-449	-24
Income after financial items	11	-532	39	10	-472	-56
Earnings per share	0.09	-5.53	0.14	0.08	-4.33	-0.85

Technology, includes restructuring the former Energy Markets business area and OM Technology's product portfolio, as well as concentrating operations in fewer offices and taking a number of measures within Stockholmsbörsen and the Parent Company. The total cost of implementing these measures amounts to SEK 624 m before tax (consisting of write-downs of SEK 202 m and other costs of SEK 422 m). Expenses after tax totaled SEK 544 m and are reported under items affecting comparability in the second quarter. Other expenses include redundancy costs, reserves for unused office space and termination of contracts with sub-contractors. Total costs are given in gross terms and do not include positive effects of divestments of operations. The negative cash flow effect is expected to be about SEK 200 m, excluding any positive effects from planned divestments and expenditures for unused premises.

The cost-efficiency program was concluded according to plan in January 2004. Cost-reduction measures took effect during the third and fourth quarters 2003. Full effect is expected toward the end of the first quarter 2004, for example total quarterly expenses will reach the expected level in the second quarter. The cost-efficiency program is expected to reduce the Group's annual expenses by SEK 578 m on a yearly basis. Operations that were closed or divested as part of the program, including NGX, had a total of SEK 150 m in revenues in 2003.

CREATION OF EDX LONDON

On June 30, trading began on EDX London, a new equity derivatives exchange owned by London Stock Exchange (76 percent) and OMHEX (24 percent). EDX London has been authorized by the British Financial Services Authority as a Recognized Investment Exchange. EDX London was formed through EDX London paying OMHEX a consideration of up to GBP 24.0 m (SEK 327 m) for the Scandinavian equity derivatives business of OM London Exchange. An initial payment of GBP 12.8 m (SEK 180 m) was made in connection with the formation of EDX London, which resulted in a capital gain of SEK 100 m and was recognized as an item affecting comparability during the second quarter 2003.

A supplement to the purchase price of GBP 11.2 m will be paid on achievement of certain revenue targets by EDX London by December 31, 2005.

MARKET DEVELOPMENT

For HEX Integrated Markets, the year began on a weak note with both falling share prices and lower turnover. During the autumn, the market recovered slightly, and stock indexes in Sweden and Finland increased overall during the year. Equity turnover and the number of equity trades decreased year-on-year, while the number of traded derivative contracts increased. For OM Technology, 2003 was a challenging year. Demand for technology and technology-related services was low. A certain increase in interest from the market, however, was discernable during the fourth quarter. Order bookings decreased year-on-year, and sales were primarily add-on sales to existing customers, although there were some sales to new customers. During the year, OM Technology strengthened business relationships with a number of strategic customers, such as ISE and NASD, and in the fourth quarter, OM Technology received a strategically important order from Singapore Exchange.

EMPLOYEES

The number of people working in the Group (employees and contracted consultants) was 1 674 (1 722) at the end of the year. Excluding people made redundant and operations under closure or divestiture as part of the cost-efficiency program initiated in 2003, the number of people working in the company was 1 602 at the end of January 2004, a reduction of 401 since the merger between OM and HEX.

PARENT COMPANY

OM HEX AB, the legal entity, comprises Group management. Net sales during 2003 totaled SEK 75 m (81). The loss before appropriations and tax amounted to SEK 143 m (loss: 85). Liquid assets were SEK 1 m (0). Investments were SEK 53 m (10).

REVENUE AND OPERATING INCOME BY DIVISION

SEK m	Jan-Mar 2003	Apr-June 2003	July-Sept 2003	Oct-Dec 2003	2003	2002
REVENUE						
HEX Integrated Markets	234	217	387	392	1 230	965
OM Technology	417	412	416	453	1 698	1 860
Parent Company	41	40	33	30	144	205
Eliminations	-80	-74	-107	-125	-386	-390
TOTAL REVENUE	612	595	729	750	2 686	2 640
OPERATING INCOME (after depreciation)						
HEX Integrated Markets	102	76	138	108	424	287
OM Technology	-35	-46	-65	-11	-157	-19
Parent Company and other functions	-45	-41	-28	-40	-154	-160
Items affecting comparability	-	-524	-	-38	-562	-132
TOTAL OPERATING INCOME	22	-535	45	19	-449	-24

HEX INTEGRATED MARKETS DIVISION

The HEX Integrated Markets division was created through the merger of OM and HEX. The division includes the equity and derivatives exchanges in Stockholm (Stockholmsbörsen), Helsinki, Tallinn and Riga and the central securities depositories in Finland, Estonia and Latvia. The division has four business areas: Cash Markets, Derivatives Markets, Settlement & Depository and Baltic Operations.

For the HEX Integrated Markets division, the year began with falling share prices and lower trading turnover and volumes. During the autumn, the market recovered slightly, and the OMX index increased 29 percent in total during the year, while the HEX25 index increased by 18 percent. Equity turnover and the number of equity trades decreased year-on-year, while the number of traded derivative contracts increased. The number of both listed companies and members fell during the year.

During 2003, HEX Integrated Markets' revenue amounted to SEK 1 230 m (965). HEX was consolidated in the Group from July 1 and is only included during the last two quarters of the year. For comparable operations, excluding HEX and OM London Exchange, revenue dropped 5 percent compared with 2002.

The division's expenses totaled SEK 806 m (678) during the year. For comparable operations, excluding HEX and OM London Exchange, expenses were 15 percent lower. Expenses were higher during the fourth quarter due to integration work and system upgrades. Operating income was SEK 424 m (287).

During the year, comprehensive integration work was carried out within the division, which was formed by combining the operations of Stockholmsbörsen, Helsinki Exchanges, HEX Tallinn and HEX Riga. Among other measures, a new organizational structure was created and a divisional Board of Directors was introduced. To start to harmonize fees for trading on Stockholmsbörsen and Helsinki Exchanges, a reduction in fees for Finnish stocks from the beginning of 2004 was made public in 2003. At the same time, a fee adjustment for market data from Helsinki Exchanges, effective January 1, 2004, was announced. At the end of the year, Eurex announced plans, in cooperation with HEX Integrated Markets, to lower fees for Finnish equity derivatives from the beginning of 2004.

The statistical data – the turnover of derivatives contracts and shares – given below are pro forma, that is, as if HEX Integrated Markets had existed during 2003. In revenue and income, however, HEX is only included from the third quarter 2003.

Cash Markets comprises equity trading, including information sales and listing operations, at Stockholmsbörsen and Helsinki Exchanges. The business area's revenue totaled SEK 695 m (584) during the year. For comparable operations, excluding HEX, revenue decreased by 5 percent compared with 2002. Operating income increased to SEK 318 m (265) during the year. The number of transactions amounted to 52 497 (53 281) on average per day during the year. The average daily equity turnover went down to SEK 15 145 m (17 699). Turnover velocity in equity trading was 113 (118) percent during the year. At year-end, there were 100 (73) members and 497 (522) listed companies.

Derivatives Markets comprises derivatives trading and clearing operations at Stockholmsbörsen and Helsinki Exchanges, as well as cooperation with mainly Eurex and EDX London. Revenue from the business area amounted to SEK 367 m (378) during the

year. For comparable operations, excluding HEX and OM London Exchange, revenue decreased by 3 percent year-on-year. The business area's operating income was SEK 84 m (101). The total number of derivatives contracts traded daily on Stockholmsbörsen and Helsinki Exchanges increased to 350 431 (334 144) on average during the year, while the number of Finnish options contracts traded daily on Eurex decreased to 52 850 (82 735). The number of derivatives members at Stockholmsbörsen and HEX was 50 (41).

Settlement & Depository includes the Finnish central securities depository (APK), which provides clearing, settlement and depository services for equities and fixed-income products. During 2003, revenue in the business area was SEK 146 m during the six months that Settlement & Depository was included in the Group. Operating income was SEK 19 m. The number of cleared transactions fell 11 percent year-on-year for equities and by 15 percent for fixed-income products, while the total market value of deposited equities grew 4 percent and the market value of fixed income products rose 3 percent. The operations of the business area come entirely from HEX, which is why no figures are provided for the purpose of comparison.

Baltic Operations includes the stock exchanges, central securities depositories and operation of the national funded pension account registers in Estonia and Latvia. Revenue in the business area totaled SEK 22 m during the six months that the business unit was included in the Group and operating income was SEK 3 m. Baltic Operations comes entirely from HEX, which is why no figures are provided for the purpose of comparison.

OM TECHNOLOGY DIVISION

The OM Technology division includes OM's former technology operations as well as HEX's previous IT-related operations. The division has three business areas: Banks & Brokers, Financial Markets and Global Services.

For OM Technology, 2003 was a demanding year. The demand for transaction technology and technology-related services was low; however, a certain increase in market activity was discernable during the fourth quarter. Sales were mainly add-on sales to existing customers and OM Technology broadened business relationships with a number of strategic customers such as ISE and NASD. During the fourth quarter, OM Technology received a strategically important order from Singapore Exchange. The order strengthens OMHEX's position in Asia, where financial marketplaces are in a significant period of development. In addition, OM Technology launched a new platform for settlement and depository – EXIGO CSD™ – and a new integrated trading platform for equity and derivatives trading – CLICK XT™.

Revenue in the division amounted to SEK 1 698 m (1 860) during 2003. In 2002, income of SEK 75 m from the sale of shares in Orc Software was included in revenue. For comparable operations, excluding HEX and income from the sale of shares, revenue decreased by 12 percent compared with the same period in 2002. Product phase-out as part of the cost-efficiency program that was carried out during the year also had a negative effect on the division's revenue. Internal sales amounted to SEK 235 m (222), of which SEK 62 m (0) relates to HEX.

A series of cost-reduction measures was implemented in OM Technology during the year, in part to address the lower market demand as well as to focus operations. During the fourth quarter, the divestment of the UKPX energy exchange and the POMAX

Wholesale™ and POMAX Retail™ products was announced, which will be completed during 2004. Earlier in the year, a number of products for banks and brokerage firms within Securities Finance, Settlement and Corporate Actions were phased out or divested. In addition, OM Technology's offices in Frankfurt, Copenhagen, Edinburgh and Toronto were closed or divested. After the end of the reporting period in January, the divestment of the energy exchange NGX was announced.

The division's operating expenses totaled SEK 1 861 m (1 879). For comparable operations, excluding HEX, expenses decreased by 8 percent. Work to improve cost-efficiency and focus operations within the framework of the cost-efficiency program that was initiated in 2003 was concluded in January 2004. The program will have full effect toward the end of the first quarter 2004.

The operating loss was SEK 157 m (loss: 19) during 2003. A total of SEK 207 m (240) was invested in R&D, which corresponds to 11 (13) percent of revenue, of which SEK 145 m (108) was capitalized.

Order bookings during 2003 amounted to SEK 1 482 m (1 574), of which SEK 555 m (350) relates to HEX Integrated Markets. During the fourth quarter, order bookings amounted to SEK 465 m (912), of which SEK 238 m (23) relates to HEX Integrated Markets. At the end of the year, the order value was SEK 2 974 m (3 118) with orders for SEK 1 173 m (1 135) due for delivery within the next year. HEX Integrated Markets accounts for SEK 1 072 m (782) of the total order value. Currency effects had a negative impact of approximately SEK 147 m (86) year-on-year. Excluding internal orders and currency effects, the order value decreased by 18 percent compared with year-end 2002.

Common functions in OM Technology comprise mainly marketing and business development, expenses that are not included in the results per business area below.

Banks & Brokers sells transaction technology and provides processing services to banks and brokerage firms. Revenue in the business area was SEK 331 m (402) during the year. For comparable operations, excluding HEX, revenue decreased by 31 percent, mainly due to product phase-out, lower transaction-based revenue, closing of offices and reduced internal sales relating to Jiway, the operations of which were closed down during the first quarter of 2003. Operating loss amounted to SEK 79 m (loss: 26).

Financial Markets develops transaction technology for exchanges, clearing organizations and central securities depositories. The business area includes operations that were part of the former Energy Markets business area. No operations from HEX are included in Financial Markets. Revenue in the business area was SEK 889 m (955) during the year. This decrease is due to the fact that the demand for and willingness to invest in systems solutions among existing and prospective customers has been low as well as the fact that a part of the former Energy Markets business area, partly under closure, is now included in Financial Markets. Operating income was SEK 63 m (75).

Global Services offers outsourcing of systems operations to exchanges, clearing organizations, CSDs, banks and brokerage firms. Revenue within the business area totaled SEK 580 m (547) in 2003. For comparable operations, excluding HEX, revenue fell by 9 percent year-on-year, mainly due to lower internal sales regarding Jiway, the operations of which were closed down during the first quarter of 2003. Operating income was SEK 48 m (41).

REVENUE AND INCOME BY DIVISION AND BUSINESS AREA

SEK m	2003	2002
REVENUE		
Cash Markets	695	584
Derivatives Markets	367	378
Settlement & Depository	146	0
Baltic Operations	22	0
Jiway ¹⁾	-	3
Total HEX Integrated Markets	1 230	965
Banks & Brokers	331	402
Financial Markets	889	955
Global Services	580	547
Other items	28	156
Eliminations	-130	-200
Total OM Technology	1 698	1 860
Parent Company	144	205
Group eliminations	-386	-390
TOTAL GROUP	2 686	2 640
OPERATING INCOME BEFORE DEPRECIATION		
Cash Markets	404	322
Derivatives Markets	89	101
Settlement & Depository	34	0
Baltic Operations	5	0
Jiway ¹⁾	-	-75
Total HEX Integrated Markets	532	348
Banks & Brokers	-47	-15
Financial Markets	99	122
Global Services	96	66
Common functions ²⁾	-117	-114
Other items ³⁾	18	102
Total OM Technology	49	161
Parent Company and other functions	-94	-78
Items affecting comparability	-360	-127
TOTAL GROUP	127	304
OPERATING INCOME AFTER DEPRECIATION		
Cash Markets	318	265
Derivatives Markets	84	101
Settlement & Depository	19	0
Baltic Operations	3	0
Jiway ¹⁾	-	-79
Total HEX Integrated Markets	424	287
Banks & Brokers	-79	-26
Financial Markets	63	75
Global Services	48	41
Common functions ²⁾	-207	-211
Other items ³⁾	18	102
Total OM Technology	-157	-19
Parent Company and other functions	-154	-160
Items affecting comparability	-562	-132
TOTAL GROUP	-449	-24

¹⁾ Jiway was closed down completely during the first quarter 2003.

²⁾ Common functions comprise primarily marketing and business development expenses. The common functions within OM Technology worked to support all business areas as well as with projects that are not business area specific. Since allocation of these expenses gives a distorted view of the business area's utilization of these resources the expenses remain centrally within OM Technology.

³⁾ Includes income from associated company ORC Software, as well as the sale of shares in Orc Software during the second quarter 2002.

Income statement ¹⁾

SEK m	GROUP			PARENT COMPANY		
	2003	2002	2001	2003	2002	2001
NET SALES , Note 1, 2, 3	2 686	2 640	3 072	75	81	4
of which own work capitalized	86	80	-	-	-	-
TOTAL REVENUE	2 686	2 640	3 072	75	81	4
EXTERNAL EXPENSES , Note 4, 12						
Premises	-208	-220	-227	-78	-83	-8
Marketing expenses	-42	-54	-89	-5	-6	-1
Consultancy expenses, Note 5	-242	-289	-495	-38	-39	-67
Operational and maintenance expenses, IT	-284	-272	-440	-3	-7	-2
Other expenses	-238	-241	-319	-16	-10	-36
Personnel expenses, Note 6	-1 206	-1 171	-1 148	-66	-62	-76
Depreciation and write-downs, Note 13	-204	-194	-241	-2	-3	-26
Amortization of goodwill, Note 13	-170	-129	-118	-	-	-
Items affecting comparability, Note 8	-562	-132	-481	-24	-	-538
TOTAL OPERATING EXPENSES	-3 156	-2 702	-3 558	-232	-210	-764
Participations in the earnings of associated companies, Note 10	-21	38	33	-	-	-
OPERATING INCOME	-449	-24	-453	-157	-129	-760
Financial items , Note 9, 24						
Revenue from other securities and receivables that are fixed assets	21	26	35	63	101	221
Other interest income and similar income	84	89	103	5	10	6
Other interest expenses and related expenses	-128	-147	-154	-54	-67	-94
Total financial items	-23	-32	-16	14	44	133
INCOME AFTER FINANCIAL ITEMS	-472	-56	-469	-143	-85	-627
Appropriations	-	-	-	-	82	
Tax, Note 11	41	-15	233	50	42	225
Minority interest	0	0	211	-	-	-
PROFIT/LOSS FOR PERIOD	-431	-71	-25	-93	39	-402
Number of shares, millions	115.547	84.041	84.040	115.547	84.041	84.040
Number of shares after full conversion, millions	116.325	84.819	84.819	116.325	84.819	84.819
Earnings per share, SEK ²⁾ , Note 31	-4.33	-0.85	-0.30	-	-	-
Earnings per share, SEK, after full conversion ²⁾	-4.33	-0.85	-0.30	-	-	-
Proposed dividend per share, SEK	-	-	-	0	1.0	1.0

¹⁾ The amount for 2002 includes operations being discontinued, see Note 4.

²⁾ Earnings per share is calculated by the weighted average of the number of shares during the period.

COMMENTS TO THE INCOME STATEMENT

HEX was consolidated in the Group from July 1, 2003, and is thus included in the Group's income statement and balance sheet from the third quarter 2003.

Group net sales amounted to SEK 2 686 m (2 640) during 2003, of which SEK 86 m (80) was capitalized for own work, mainly with regard to OM Technology. In 2002, revenue included income of SEK 75 from the sale of shares in Orc Software. For comparable operations excluding HEX, OM London Exchange, and income from the sale of shares, Group income dropped 10 percent compared with 2002. The decrease is due to lower revenue within both of OMHEX's divisions.

Group operating expenses totaled SEK 3 156 m (2 702), including items affecting comparability in a negative amount of SEK 562 m (negative: 132). For comparable operations, excluding HEX, OM London Exchange and items affecting comparability, operating expenses fell 12 percent compared with the same period last year. The cost-efficiency program initiated in the Group during the summer was concluded and resulted in lower expenses during the latter part of 2003. Full effect is expected towards the end of the first quarter 2004, and total quarterly expenses are estimated to reach the expected level in the second quarter. The cost-efficiency program was announced in June and was expected to lower the Group's annual expenses by SEK 578 m and at the same time reduce revenue on an annual basis by approximately SEK 105 m, based on levels of operation during the second quarter 2003. Operations that were closed or divested as part of the cost-efficiency program, including NGX, had total revenues of SEK 150 m during 2003.

Items affecting comparability were an expense of SEK 562 m (expense: 132) during the year and comprised restructuring costs of SEK 624 m for carrying out the cost-reduction program, reserves for unutilized premises and write-downs of SEK 38 m for products that were phased out within OM Technology, and a capital gain of SEK 100 m from the formation of EDX London.

Items affecting comparability during 2002 included restructuring expenses for cost-efficiency programs.

Participations in associated companies' income derive from Orc Software and NLK as well as EDX London. Group net financial expense totaled SEK 23 m (32). Net financial items were affected positively by the effects from HEX that arose during the third quarter prior to the extra dividend paid by HEX in September. The tax income was SEK 41 m (expense: 15). The year's low tax revenue, with regard to reported losses, is partly explained by the fact that set-offs cannot be carried out between countries where OMHEX has operations and the company has not been able to utilize losses fully in certain countries, and partly by the increased non-deductible amortization in goodwill due to the acquisition of HEX.

Income before depreciation and write-downs was SEK 127 m (304). Operating expenses amounted to SEK 449 m (24) during 2003, while operating income, excluding items affecting comparability, totaled SEK 113 m (108). The loss after financial items was SEK 472 m (loss: 56) and the loss after tax amounted to SEK 431 m (loss: 71). The loss per share equaled SEK 4.33 (0.85). Currency effects had a marginal effect on Group income during 2003.

WRITE-DOWNS AND RESERVES DURING THE FOURTH QUARTER

Items affecting comparability in a negative amount of SEK 38 m (negative: 75) during the fourth quarter include reserves primarily for premises and write-downs regarding products that were

phased out within OM Technology. The item affecting comparability in the fourth quarter 2004 is related to the closure of Jiway.

RESEARCH AND DEVELOPMENT

Every year, extensive investments are made in research and development within the Group to create the optimal solutions for each individual customer's needs and to reinforce a market-leading position. Development work encompasses the creation of new products and the addition of new functionality to existing products and platforms.

TOTAL INVESTMENTS IN R&D

SEK m (of which expensed)	2003	2002
HEX Integrated Markets	14 (14)	14 (14)
OM Technology	207 (62)	240 (132)
TOTAL GROUP	221 (76)	254 (146)

REVENUE AND INCOME PER DIVISION

SEK m	2003	2002
REVENUE		
Trading revenue	641	583
Issuers' revenue	177	174
Information sales	161	117
CSD revenue	141	0
Other revenue	110	91
Total HEX Integrated Markets	1 230	965
License, support and project revenue	898	1 057
Facility Management Services	648	584
Other revenue	152	219
Total OM Technology	1 698	1 860
Parent Company ¹⁾	144	205
Group eliminations ²⁾	-386	-390
TOTAL GROUP	2 686	2 640
OPERATING INCOME (before depreciation)		
HEX Integrated Markets	532	348
OM Technology	49	161
Parent Company and other functions	-94	-78
Items affecting comparability ³⁾	-360	-127
TOTAL GROUP	127	304
OPERATING INCOME (after depreciation)		
HEX Integrated Markets	424	287
OM Technology	-157	-19
Parent Company and other functions	-154	-160
Items affecting comparability ³⁾	-562	-132
TOTAL GROUP	-449	-24

¹⁾ Parent Company and other functions includes, in addition to the Parent Company, primarily OM Treasury AB, OM Capital Insurance AG and XACT Fonder AB. The Parent Company also administers all of the Group's offices in Sweden, for which rent is invoiced to the respective divisions.

²⁾ Internal sales from technology operations, mainly to HEX Integrated Markets, totaled SEK 235 m (222).

³⁾ Net restructuring costs for executed cost-reduction measures before and after write-downs and capital gains from the creation of EDX London.

Balance Sheet

SEK m	GROUP			PARENT COMPANY		
	2003	2002	2001	2003	2002	2001
ASSETS , Note 26, 27						
Fixed assets						
Intangible fixed assets, Note 13						
Goodwill	2 410	903	982	-	-	-
Capitalized expenditure for R&D	299	311	299	-	-	-
Other intangible fixed assets	21	33	36	7	2	67
Tangible fixed assets, Note 13						
Equipment	477	475	521	47	0	0
Financial fixed assets						
Participations in Group companies, Note 14	-	-	-	5 008	2 669	2 594
Participations in associated companies, Note 7, 10	251	263	542	-	-	-
Other long-term securities holdings, Note 15	35	93	77	4	4	4
Deferred tax receivable, Note 11	411	253	315	51	-	76
Receivables from associated companies	44	-	-	-	-	-
Other long-term receivables, Note 16	227	243	540	-	14	308
Total fixed assets	4 175	2 574	3 312	5 117	2 689	3 049
Current assets						
Current receivables						
Accounts receivable	335	359	507	0	0	0
Receivables from Group companies	-	-	-	546	566	776
Other receivables	184	208	137	18	5	21
Prepaid expenses and accrued income, Note 17	690	504	375	32	35	31
Short-term investments	1 012	993	1 263	-	-	-
Cash and bank balances, Note 1	350	282	391	1	0	2
Total current assets	2 571	2 346	2 673	597	606	830
TOTAL ASSETS	6 746	4 920	5 985	5 714	3 295	3 879
SHAREHOLDERS' EQUITY AND LIABILITIES , Note 26, 27						
Shareholders' equity , Note 19						
Share capital (115 547 015 shares, par value SEK 2)	231	168	168	231	168	168
Restricted reserves	3 654	1 633	1 847	3 068	1 169	1 169
Retained earnings	79	287	267	163	179	490
Net profit/loss for the year	-431	-71	-25	-93	39	-402
Total shareholders' equity	3 533	2 017	2 257	3 369	1 555	1 425
Minority interest	2	-	-	-	-	-
Untaxed reserves, Note 20	-	-	-	-	-	82
Provisions						
Deferred tax liability, Note 11, 20	-	51	109	-	-	-
Restructuring reserve, Note 21	249	71	149	12	-	-
Other appropriations, Note 22	177	29	366	-	29	326
Total provisions	426	151	624	12	29	326
Long-term liabilities						
Convertible subordinated debenture, Note 6	-	55	55	-	55	55
Other interest-bearing long-term liabilities	400	200	-	400	200	-
Other long-term liabilities, Note 23	1	3	11	-	-	-
Total long-term liabilities	401	258	66	400	255	55
Current liabilities						
Liabilities to credit institutions, Note 24	1 600	1 802	2 077	1 389	-	-
Convertible subordinated debenture, Note 6	55	-	-	55	-	-
Accounts payable	120	215	156	4	2	13
Liabilities to Group companies	-	-	-	421	1 372	1 626
Tax liabilities, Note 11	12	1	31	27	0	-
Other liabilities	106	60	382	0	35	331
Accrued expenses and prepaid income, Note 25	491	416	392	37	47	21
Total short-term liabilities	2 384	2 494	3 038	1 933	1 450	1 991
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	6 746	4 920	5 985	5 714	3 295	3 879
Collateral pledged , Note 29	125	61	389	-	14	308
Contingent liabilities , Note 30	738	911	360	738	874	359

Shareholders' equity, Note 19

(SEK m) GROUP	Share capital	Restricted reserves	Unrestricted shareholders' equity	Total
OPENING BALANCE JANUARY 1, 2001	168	1 919	899	2 986
Hedge for employee stock options	-	-	-133	-133
Translation differences	-	-53	-1	-54
Net loss, 2001	-	-	-25	-25
Total of changes in shareholders' equity, excluding dividend payments and capital transactions with the company's shareholders	-	-53	-159	-212
Dividend for fiscal year 2000	-	-	-504	-504
Changes between restricted and unrestricted shareholders' equity	-	-20	20	0
Exercise of convertibles and warrants	0	1	-	1
Other	-	-	-14	-14
OPENING BALANCE JANUARY 1, 2002	168	1 847	242	2 257
Hedge for employee stock options	-	-	-142	-142
Translation differences	-	-1	51	50
Net income, 2002	-	-	-71	-71
Total of changes in shareholders' equity, excluding dividend payments and capital transactions with the company's shareholders	-	-1	-162	-163
Dividend for fiscal year 2001	-	-	-84	-84
Changes between restricted and unrestricted shareholders' equity	-	-213	213	0
Exercise of convertibles and warrants	0	0	-	-
Other	-	-	7	7
OPENING BALANCE JANUARY 1, 2003	168	1 633	216	2 017
Hedge for employee stock options	-	-	29	29
Warrant premiums	-	2	-	2
Translation differences	-	-16	67	51
Net income, 2003	-	-	-431	-431
Total of changes in shareholders' equity, excluding dividend payments and capital transactions with the company's shareholders	-	-14	-335	-349
Dividend for fiscal year 2002	-	-	-84	-84
New issue	63	1 890	-	1 953
Changes between restricted and unrestricted shareholders' equity	-	145	-145	-
Other	-	-	-4	-4
CLOSING BALANCE DECEMBER 31, 2003	231	3 654	-352	3 533
PARENT COMPANY				
OPENING BALANCE JANUARY 1, 2001	168	1 169	725	2 062
Hedge for employee stock options	-	-	-133	-133
Net loss, 2001	-	-	-402	-402
Total of changes in shareholders' equity, excluding dividend payments and capital transactions with the company's shareholders	-	-	-535	-535
Exercise of convertibles and warrants	0	-	-	0
Dividend for fiscal year 2000	-	-	-504	-504
Group contribution	-	-	558	558
Tax on Group contribution	-	-	-156	-156
OPENING BALANCE JANUARY 1, 2002	168	1 169	88	1 425
Hedge for employee stock options	-	-	-142	-142
Net profit, 2002	-	-	39	39
Total of changes in shareholders' equity, excluding dividend payments and capital transactions with the company's shareholders	-	-	-103	-103
Exercise of convertibles and warrants	0	0	-	-
Dividend for fiscal year 2001	-	-	-84	-84
Group contribution, non-deductible	-	-	16	16
Group contribution	-	-	418	418
Tax on Group contribution	-	-	-117	-117
OPENING BALANCE JANUARY 1, 2003	168	1 169	218	1 555
Hedge for employee stock options	-	-	29	29
Warrant premiums	-	9	-	9
Net profit, 2003	-	-	-93	-93
Total of changes in shareholders' equity, excluding dividend payments and capital transactions with the company's shareholders	-	9	-64	-55
Dividend for fiscal year 2002	-	-	-84	-84
New issue	63	1 890	-	1 953
CLOSING BALANCE DECEMBER 31, 2003	231	3 068	70	3 369

Cash-flow statement, in accordance with the indirect method, Note 32

SEK m	GROUP			PARENT COMPANY		
	2003	2002	2001	2003	2002	2001
CURRENT OPERATIONS						
Operating income	-449	-25	-453	-157	-129	-760
Adjustments for items not included in cash flow						
Depreciation	374	323	359	2	3	26
Write-downs	202	5	196	-	-	538
Cash flow effect from restructuring	175	-108	149	12	-	-
Participations in earnings of associated companies	-21	-38	-33	-	-	-
Capital loss	-100	-79	-23	-	-	-
Other adjustments	28	-28	-9	-	-	-
Financial items	-46	-38	-27	-49	-56	-67
Income tax paid	-3	-35	-150	0	-2	-82
Total cash flow from current operations before changes in working capital	160	-23	9	-192	-184	-345
Changes in working capital						
Operating receivables	61	108	66	12	322	886
Operating liabilities	-52	4	-372	-972	-535	-514
Total changes in working capital	9	112	-306	-960	-213	372
CASH FLOW FROM CURRENT OPERATIONS	169	89	-297	-1 152	-397	27
INVESTMENT ACTIVITIES						
Change in intangible assets	-177	-130	-127	-7	62	-90
Change in tangible assets ¹⁾	-84	-75	-328	-46	1	-
Cash flow from associated companies	-15	95	-24	-	-	-
Acquisitions of and new issues in subsidiaries	160	-43	-166	-393	-75	-92
Sale of subsidiaries	0	0	-156	51	1	25
Sale of operations within subsidiaries	146	-	-	-	-	-
Change in other shares and participations	21	0	115	21	-	-
Change in long-term receivables	0	20	-42	-	-	-
Other	0	-25	10	-	1	-
CASH FLOW FROM INVESTMENT ACTIVITIES	51	-158	-718	-374	-10	-157
FINANCING ACTIVITIES						
Dividend	-84	-84	-504	-84	-84	-504
Group contribution	-	-	-	-	434	558
Change in financial receivables and liabilities	-8	-294	1 205	1 611	55	-308
Change in current trading account ²⁾	-41	-68	-24	-	-	-
CASH FLOW FROM FINANCING ACTIVITIES	-133	-310	677	1 527	405	-254
Change in liquid assets ³⁾	87	-379	-338	1	-2	-384
Liquid assets – opening balance	1 275	1 654	1 992	0	2	386
Liquid assets – closing balance ³⁾	1 362	1 275	1 654	1	0	2

¹⁾ During the fourth quarter 2003, SEK 47 m in previously booked prepaid expenses was reclassified as an investment.

²⁾ During the year, current trading account was reclassified. Earlier, this item was included under change in operating capital. Comparative figures for earlier periods have been adjusted to reflect the change.

³⁾ Liquid assets comprises short-term investments and cash and bank balances. Liquid assets not available to the Group equaled SEK 79 m on December 31, 2003.

COMMENTS TO THE BALANCE SHEET AND CASH-FLOW STATEMENT

COMMENTS TO THE BALANCE SHEET

Consolidated goodwill of SEK 2 410 m (903) refers mainly to the acquisition of HEX and Stockholm Stock Exchange. Goodwill related to Stockholm Stock Exchange, which was acquired in 1998, totaled SEK 590 m (632). Goodwill related to HEX, which was acquired in 2003, amounted to SEK 1 706 m (0). Group investments in intangible fixed assets amounted to SEK 177 m (130). Investments in equipment totaled SEK 83 m (75). The increase in financial fixed assets to SEK 1 032 m (852) is due primarily to the increase in deferred tax receivables. In conjunction with the acquisition of HEX, OMHEX's previous book value of SEK 72 m relating to the minority interest in HEX was eliminated. The book value of OMHEX's holding in Orc Software (4.5 million shares) was SEK 85 m at the end of 2003, while the market value of this holding was SEK 379 m. OMHEX's employee stock option program had a positive SEK 29 m impact on shareholders' equity during the year. In March, a dividend of SEK 84 m was paid out to shareholders. Short-term investments and cash and bank balances increased by SEK 87 m primarily due to the acquisition of HEX.

FINANCIAL POSITION AT YEAR-END

Total assets amounted to SEK 6 746 m (4 920) at the end of the year. The equity/assets ratio increased to 52 (41) percent. OMHEX's interest-bearing net liabilities totaled SEK 612 m (669) at the end of the fourth quarter. The merger with HEX had a positive effect of SEK 198 m on the Group's net liabilities.

During the fourth quarter, OMHEX received an A+ rating from Standard & Poor's for long-term counterparty credit and an A-1 rating for short-term counterparty credit. In light of this, OMHEX reorganized its financing structure. In December, OMHEX issued a Swedish kronor commercial paper certification program with an extendable multi-currency revolving credit facility of SEK 1 500 m for which it received a K-1 rating according to Standard & Poor's Nordic scale. At the same time, a revolving credit facility of SEK 2 100 m was signed, including customary covenants, with a syndicate of Nordic banks. The result is somewhat lower financing expenses and refinancing risk for OMHEX.

During the year, Stockholmsbörsen introduced a new calculation model for determining risk exposure within clearing operations. As a result, capital requirements have been reduced and consequently a company internal subordinated debenture of SEK 750 m has been amortized and at the same time Stockholmsbörsen's equity has increased by SEK 250 m through a new capital stock issue. Funds that earlier were included in clearing capital have thereby been released and have been used to reduce the Group's borrowing and balance sheet total.

At the end of the year, interest-bearing liabilities equaled SEK 2 059 m (2 058), of which SEK 400 m (256) related to long-term liabilities. Available credit facilities totaled SEK 2 654 m (3 700), of which SEK 2 054 m (2 049) has been utilized. Interest-bearing financial assets amounted to SEK 1 446 m (1 389), of which SEK 84 m (109) are financial fixed assets.

COMMENTS TO CHANGES IN GROUP SHAREHOLDERS' EQUITY

Shareholders' equity of SEK 3 533 m (2 017) increased mainly due to the acquisition of HEX and the new share issue carried out in conjunction with the acquisition. For comparable operations, excluding HEX, shareholders' equity decreased year-on-

year, largely due to the negative financial result during the period and the dividend paid to shareholders. The employee stock option program that OMHEX issued during 2000, 2001 and 2002 had a positive effect of SEK 29 m (negative: 142) on shareholders' equity during the year.

COMMENTS TO THE CASH-FLOW STATEMENT

Cash flow from current operations, consisting of income after net financial items with depreciation added back, totaled SEK 169 m (89) in 2003. Certain restructuring expenses incurred in 2002 had an effect on cash flow in 2003. A portion of the year's restructuring costs will impact cash flow in 2004. During the first quarter 2003, a dividend of SEK 84 m was paid to shareholders, which is reported under financing operations. Positive cash flow from the formation of EDX London and liquid assets acquired through the acquisition of HEX are reported under investment activities.

OTHER SIGNIFICANT INFORMATION

ISSUE OF WARRANTS 2003

In accordance with the press release dated August 19, 2003, the Extraordinary General Meeting of OM resolved to issue a three-year debenture with three-year warrants to subscribe for new shares. The decision was taken in accordance with a proposal from the Board of Directors, which was published in a press release (including warrant terms and conditions) on July 11, 2003, and which is available on OMHEX's website at www.omhex.com. During the autumn, about 120 key employees at OMHEX were offered the possibility to acquire warrants. Of a total of 1 150 000 warrants, which carry entitlement to subscribe for 1 150 000 new shares in OMHEX, 310 000 warrants were subscribed for. According to the market valuation carried out by Handelsbanken, the price per warrant was set at SEK 7.80 and the subscription price was set at SEK 138.50.

NUMBER OF EMPLOYEES AND CONTRACTED CONSULTANTS

The total number of employees and contracted consultants in the Group on December 31, 2003 was 1 674 (1 722), of whom 1 603 (1 633) were employed and 71 (89) were contracted consultants. Excluding employees who have been made redundant and operations under closure or divestiture as part of the cost-efficiency program initiated in 2003, the number of people working in the company was 1 602 at the end of January 2004, or 401 fewer since the merger between OM and HEX. Of those employed, 352 (237) work in HEX Integrated Markets, 1 128 (1 365) in OM Technology and 123 (31) in the Parent Company. Some 426 employees come from HEX. For comparable operations, excluding HEX, the number of people employed and contracted fell by 236 during the fourth quarter, compared with the third quarter 2003. The reduction is a result of OM's cost-efficiency program from June 30, 2003. As part of the work to achieve organizational synergies in connection with the merger with HEX, 70 positions will be eliminated during the first quarter 2004, of which ten in Sweden and 60 in Finland.

NEW CORPORATE MANAGEMENT

On September 4, Magnus Böcker was appointed President and CEO of OMHEX. Jukka Ruuska was appointed as Deputy CEO of OMHEX and Head of the HEX Integrated Markets division and Klas

Ståhl as Head of the OM Technology division. Other members of the executive management include CFO Per Nordberg and CSO (Chief Strategy Officer) Anders Reveman. On May 31, Per E. Larsson resigned as President and CEO of OM.

LEGAL DISPUTES

In July, it was announced that OM Technology, BrokerTec USA and its Parent Company ICAP were among those being sued by eSpeed in a US court for the alleged infringement of a patent. OM Technology is being sued in its capacity as a systems provider to BrokerTec USA. OM Technology has rejected the claim and denies any patent infringement. On January 14, 2004 the court denied eSpeed's request for a preliminary injunction that would prevent BrokerTec USA from continuing to operate as earlier.

Within OM Technology there is one other dispute regarding a systems delivery.

Stockholmsbörsen is currently involved in a legal dispute involving a number of members concerning a demand for the repayment of VAT. Stockholmsbörsen has rejected the claim.

No reserves have been made for the above disputes and deliberations. For additional information about tax disputes see Note 11.

ACCOUNTING PRINCIPLES

In 2003, the following new recommendations came into effect: Presentation of financial statements (RR22); Segment reporting, (RR25); Events after the balance sheet date (RR26) and Financial instruments: disclosure and presentation (RR27). The application of these recommendations has not had a material effect on the accounts. Additional recommendations from the Swedish Financial Accounting Standards Council also came into effect during the year. These recommendations do not apply to the operations of OMHEX and therefore do not impact OMHEX's financial reporting.

TRANSITION TO IFRS BY 2005

According to an EU directive, all public companies within the EU must prepare financial statements in accordance with International Financial Reporting Standards by 2005. The transition to IFRS in 2005 also means that comparative figures for 2004 must be accounted for according to IFRS, with the exception of financial instruments. In order to facilitate and secure the transition to IFRS, OMHEX has appointed a special project group comprising employees from the Finance department, the Treasury department and Human Resources. The project group reports to the Audit Committee and the CFO regarding the project's progress on a regular basis. The project will be completed in 2004.

Work regarding the transition to IFRS has begun and encompasses the identification and analysis of the differences between generally accepted accounting practices (GAAP) in Sweden for listed companies and IFRS, establishment of an implementation plan for IFRS in the company, and a review of the systems and processes that are affected by the transition. Accounting and reporting according to the IFRS will affect OMHEX's reported income and financial position. The significant differences between Swedish GAAP and IFRS practices in effect today that will have an effect on OMHEX are reporting of financial instruments and reporting of defined-benefit pension plans. Significant differences between Swedish GAAP and IFRS practices are expected regarding reporting of intangible assets (economic life of goodwill) and share-related remuneration (employee stock option program). Increased information requirements will also affect the design of the annual report.

ENVIRONMENTAL ISSUES

OMHEX offers products and services that use limited resources both in the production process and the end product, and therefore have a limited effect on the environment. OMHEX's greatest direct impact on the environment is through recycling different office products, from paper to various types of hardware. When making purchases, environmentally friendly materials and products are always selected.

EVENTS AFTER THE CLOSE OF THE REPORTING PERIOD

In January 2004, OMHEX divested Natural Gas Exchange (NGX) to the TSX Group. The agreement between OMHEX and TSX also includes a five-year license agreement for CLICK XT™ and the parties will look for areas to work together on future business development. The sale of NGX will have a positive effect on income of approximately SEK 105 m, which will be recognized as an item affecting comparability during the first quarter 2004.

DIVIDEND POLICY

OMHEX follows a dividend distribution policy whereby dividends are paid in line with the company's long-term earnings trend and capital requirements.

FUTURE DEVELOPMENT AND PROPOSED DISTRIBUTION OF EARNINGS

FUTURE DEVELOPMENT

OMHEX is a company with two closely collaborating divisions. OMHEX's main strength is the combination of expertise and experience from owning and operating marketplaces and at the same time developing technology and technology-related services for marketplaces and market participants. One of the most vital tasks for the future is to continue to develop and benefit from this competitive edge. Four areas of focus in the near future have been identified within OMHEX:

- ➔ Continued work to achieve satisfactory profitability within OMHEX, through both continued cost control and creating better conditions for increased revenue.
- ➔ Together with market participants, OMHEX will work actively to create a fully integrated securities market for the Nordic and Baltic countries for exchange trading, clearing, settlement and depository.
- ➔ Integration between OM and HEX began in 2003 and during the year a new organizational structure was established within the Group. The integration will be completed by 2006 at the latest and includes the creation of an integrated market for exchange trading between Sweden and Finland. During 2004, OM Technology's trading platform SAXESS™ will be implemented at Helsinki Exchanges. OMHEX will also work for the establishment of a common Nordic central counterparty clearing system for the stock market. In accordance with the integration plan, OMHEX will also work for the establishment of a common Nordic systems platform for settlement and depository of securities; the intention is to use OM Technology's EXIGO CSD™ system.
- ➔ Continued and intensified systematic work to strengthen and improve relations with customers and other stakeholders.

Outlook 2004

Revenue in the OM Technology division during the first part of 2004 is expected to be in line with revenue from the latter part of 2003. Full effect from the cost-reduction program initiated in 2003 is expected toward the end of the first quarter 2004, for example total quarterly expenses will reach the expected level in the second quarter. Synergies from the integration of OM and HEX are expected to take effect initially during 2004.

PROPOSED DISTRIBUTION OF EARNINGS

As shown in the consolidated balance sheet, the funds available for distribution by the Group amount to a loss of SEK 354 m (profit: 216). No allocation to restricted reserves is required. The Board proposes that the retained earnings of SEK 70 m (218) at its disposal in the Parent Company be distributed as follows:

DISTRIBUTION OF RETAINED EARNINGS	
Dividend to shareholders, SEK 0 per share	0
To be carried forward	SEK 69 648 006
TOTAL	SEK 69 648 006

The proposed distribution of earnings as well as adoption of the balance sheets and consolidated income statements will be approved at the Annual General Meeting.

Notes to the Financial Statements

OM HEX AB (publ), with the corporate registration number 556243-8001, is a limited (liability) company registered in Sweden. The registered office of the Parent Company is in Stockholm. Amounts are in SEK millions (SEK m) unless otherwise stated. Amounts in parentheses indicate values for 2002.

NOTE 1. ACCOUNTING PRINCIPLES

The Annual Report has been prepared in accordance with the Annual Accounts Act and the recommendations issued by the Swedish Financial Accounting Standards Council. Appraisal of items has been made according to the acquisition value.

New recommendations came into effect during 2003 regarding the presentation of financial statements (RR22), segment reporting (RR25), events after the balance sheet date (RR26) and disclosure and presentation of financial instruments (RR27). The application of these recommendations has had no material effect on the accounts, with the exception of increased disclosure requirements.

In addition to the recommendations mentioned above, further recommendations from the Swedish Financial Accounting Standards Council came into effect during 2003, but since they address areas outside OMHEX's operations, they have no effect on the formulation of OMHEX's financial reports.

CONSOLIDATION PRINCIPLES

Consolidated financial accounts include the Parent Company and all companies in which the Parent Company, through either direct or indirect ownership via subsidiaries, has a controlling influence. The consolidated financial accounts have been prepared in accordance with the acquisition accounting method. This means, inter alia, that the book value of shares in subsidiaries is set-off in the first instance against restricted shareholder's equity in each subsidiary and thereafter against unrestricted shareholder's equity. Only that part of the subsidiary's unrestricted shareholder's equity that can be distributed to the Parent Company without the need for writing down the share is included in the Group's unrestricted shareholder's equity. The consolidated income statement includes companies that have been acquired or sold during the year, with values relating only to the period during which the companies have been owned by the Group. The Group's income comprises income from the Parent Company and subsidiaries after deduction of any internal profit as well as goodwill write-downs or other acquired surplus value.

Associated companies

An associated company is an operation that is neither a subsidiary nor a joint venture, but one in which OMHEX exercises a controlling influence over its management and where OMHEX's ownership is of a permanent nature. Associated companies are accounted for using the equity method. OMHEX's share in the associated companies' income is reported net of tax. See note 10.

Joint ventures

A joint venture is a company in which two or more parties have a joint controlling influence over operations. Joint ventures are accounted for using the proportional method, whereby the Group's share of assets, liabilities, revenue and expenses relating to

joint ventures is reported line by line together with similar items. See Note 10.

TRANSLATION OF FOREIGN SUBSIDIARIES' BALANCE SHEETS AND INCOME STATEMENTS

Subsidiaries whose operations are integrated with the Parent Company's and whose transactions are mainly internal, such as OM Technology Ltd. (Hong Kong) and OM Italy Srl., are classified as dependent. For recalculation of the financial statements of dependent subsidiaries the monetary method has been used. According to this method, monetary assets and liabilities are shown in the report currency recalculated at the closing day rate. Non-monetary assets and liabilities are reported in the report currency recalculated at the currency rate on the date of acquisition. For subsidiaries classified as independent, the current method has been used, which means that items in the balance sheet have been recalculated at the closing-day rate, with the exception of shareholders' equity, which has been recalculated using the historic rate, while items on the income statement have been recalculated at an average exchange rate for the period. Recalculation differences that consequently arise are not reported in the income statement but are posted directly against shareholders' equity.

DISCONTINUING OPERATIONS

The reporting of operations that are being discontinued assists investors, lenders and other users of the financial statements in forecasting OMHEX's future cash flows, profitability levels and financial position. During 2002, a decision was made to close Jiway. In Note 4 there is a table showing revenues and expenses related to Jiway. Information on the cash flow effect of the closure of Jiway is reported separately in Note 4.

CASH-FLOW STATEMENT

The cash-flow statement was prepared in accordance with the indirect method.

REVENUE RECOGNITION

The Group's reported net sales relate primarily to trading revenue and the sale of systems and services. An item of revenue is posted to the income statement when delivery of a product or service has been made in accordance with the applicable terms of delivery, when it is likely that the company will receive its future financial benefits, and that these benefits can be calculated in a reliable way.

Interest income is recognized on a time proportion basis that takes into account the effective yield on the asset.

Dividends are recognized in the income statement when the shareholder's right to receive payment is established.

Income received in the form of assets (for example shares), is valued at actual value on the transaction date.

HEX Integrated Markets

Revenues within this division comprise, in addition to trading revenues, premium revenues for options written and payments for futures sold. Premium revenue and expenses as well as futures payments made and received are shown as net figures in the

income statement. Consequently, current-account assets and liabilities are reported according to the net accounting principle in the balance sheet item accounts receivable.

Revenue from new issues, information sales and CSD operations is recognized on a continuous basis.

OM Technology

OMHEX applies the percentage-of-completion method to its technology sales, license and project revenues. In applying the percentage-of-completion method, income is recognized in line with the completion (development) of a project. An anticipated loss on a project is immediately treated as an expense. The fundamental premise of the percentage-of-completion method is that project revenue and expenditure can be accurately assessed and that the degree of development can be reliably established. At OMHEX the degree of development is established through the relationship between the hours that have been worked by the year-end and the estimated number of project hours in total. The occasional project arises for which an accurate assessment of project revenue and expenditure cannot be made when the year-end accounts are prepared. In such cases, revenue is instead determined using zero-settlement. In these cases the rule is that the project revenue is reported as expenditure incurred to date, for example income is reported as zero until such time as it can be accurately calculated. Thereafter, the percentage-of-completion method is applied as soon as possible. A present-value calculation has been performed for those project receivables that do not fall due within 12 months.

Income from support and facility management services is recognized on a continuous basis.

Internal sales

The main principle for transactions between companies within the Group is that the price is determined according to market price. Market price is the price an external customer is willing to pay or the price an external supplier would charge for providing the service.

In cases where comparable market prices cannot be established, the price of the transaction is determined according to the cost-coverage method with a margin. The cost-coverage method entails remuneration for direct costs and a reasonable part of the indirect costs that the company has accumulated while providing the service. Any internal profit that arises as a result is eliminated within the Group.

Common functions, such as premise-leasing expenses and office services, are invoiced between companies within the Group according to the cost-coverage method.

GOODWILL

Goodwill is reported at acquisition value with deductions made for accumulated amortization and any write-downs. Goodwill represents that portion of the acquisition cost that, on the day of acquisition, is in excess of the actual value of any identifiable net assets contained in the acquired subsidiary, associated company or joint venture. Goodwill is amortized straightline over its economic life, which is assumed to be a maximum of 20 years. See Note 13. In the case of the disposal of a subsidiary, associated company or joint venture, any remaining unamortized goodwill is included in the calculation of the disposal revenues.

The value of goodwill is assessed to ascertain whether any write-downs are necessary, when events or other prerequisites indicate that the reported value may not be recoverable.

Goodwill derived from the acquisition of foreign entities is

treated as an asset in the acquired company and reported according to the local currency and translated according to the transaction-day rate of exchange.

TANGIBLE AND OTHER INTANGIBLE FIXED ASSETS

Fixed assets are reported at acquisition value with deductions made for accumulated depreciation and any write-downs while adding back any appreciation. Straight-line depreciation is applied over the assets' economic life. See Note 13.

The term *investments in fixed assets* includes investments in equipment and intangible fixed assets. The Group's cash-flow statement only includes investments that have impacted Group liquid assets.

WRITE-DOWNS

The book values of fixed assets are continuously monitored through analyses. If an analysis indicates that a value may be too high, the asset's recovery value is established, which is the highest of net sale value and economic lifetime value. The economic life value is measured as the expected future discounted cash flow. The write-down figure is then the difference between the book value and the recovery value. Write-downs are accounted for as an expense in the income statement.

If it is not possible to establish a recovery value for the asset, the company has to calculate a recovery value for the cash-generating unit to which the asset belongs. A cash-generating unit is made up of the smallest group of assets to which a specific asset belongs and which gives rise to payments from continuous operations that are significantly independent of payments from other assets or groups of assets.

If any changes are made to the assumptions that led to the decision regarding the write-down, a cancellation of the write-down must be made. The cancellation may not cause the reported value to exceed what would have been reported if no write-down had been made by the company. Cancellations are reported as revenue in the income statement.

SYSTEMS DEVELOPMENT EXPENSES

All expenditures for research are charged as an expense when they arise. During the fiscal year SEK 2 m (2) was charged against revenue for investment in research.

Expenses relating to the development of new products are treated as intangible assets when they fulfill the following criteria: it is likely that the asset will provide future financial benefit to the Group (for example contribute a positive cash flow); the acquisition value can be calculated in a reliable way; the company intends to take the asset to completion; and the company has technical, financial and other resources to complete development, use or sell the asset. Important documentation for the verification of such capitalization includes business plans, budgets, outcomes and external evaluations. In certain cases, capitalization is based, out of necessity, on the company's estimation of future outcome, such as prevailing market conditions.

The acquisition value of an internally developed intangible asset is the total of those expenses incurred from the time when the intangible asset first fulfills the criteria set out by generally accepted accounting principles. (See criteria above.)

Internally developed intangible assets are reported at acquisition value with deductions for accumulated depreciation and any write-downs.

Revenue from work carried out during the financial year on company assets that has been carried forward as fixed assets is

reported in the income statement under the heading *Own work capitalized*. The item relates only to capitalized personnel expenses. No reduction of personnel expenses has been made for work that relates to capitalized assets. The expenses have been met by the reported revenue. Own work capitalized has therefore no impact on income but does have a negative impact on the operating margin.

During the fiscal year, total research and development expenses for the Group amounted to SEK 221 m (254), of which SEK 145 m (108) was activated.

LEASING EXPENSES

Leasing is classified as either financial or operational leasing. Financial leasing is when the financial risks and benefits linked to the ownership of an asset are to all intents and purposes transferred from the lessor to the lessee. If this is not the case, then leasing is operational.

In the case of financial leasing agreements, the lessee must report the asset as a fixed asset in the balance sheet. Future leasing payment obligations are reported as a liability. Assets are depreciated based on economic life, while both the interest payments and the capital repayments are disclosed for the leasing payments.

In the case of operational leasing, leasing fees are expensed over the life of the lease, which commences when usage starts.

OMHEX only has operational leasing commitments. See Note 12.

BORROWING EXPENSES

Expenses related to borrowing are capitalized and expensed during the period in which they arise.

PENSION EXPENSES

The Swedish Financial Accounting Standards Council recommendation regarding employee remuneration and reporting of pension plans came into effect on January 1, 2004 and has had no effect on OMHEX's accounts during 2003. According to current practice, local principles in the respective countries apply.

FINANCIAL INSTRUMENTS

Liquid assets comprise, in addition to cash and bank balances, short-term investments that have a life of three months or less and can easily be converted into cash resources.

Short-term investments consist of discount securities, bonds and securities issued by the state, municipality, Swedish banks and Swedish mortgage institutions with a life of three to twelve months. Investments that have a longer life than three months and high liquidity are included if these securities can easily be converted into cash resources. All short-term investments are reported in the balance sheet according to the transaction day and are valued at the lowest of either the acquisition value or the actual value on closing day. Return on investment is reported continuously against net interest income/expenses.

Long-term financial assets primarily consist of deposits, long-term securities and long-term project receivables. The items are reported in the balance sheet according to their acquisition value on settlement day, including the accrued return on investments. Long-term financial asset revenues are reported continuously together with currency translations in the income statement.

Financial liabilities consist of debts to credit institutions, issued commercial papers and bonds and issued convertible loans. The items are reported in the balance sheet according to the acquisition value on settlement day, including accrued interest. Any excess/ dis-

count is included in the acquisition value according to the accrual accounting method over the life of the liability. Interest costs are reported on a continuous basis on the income statement.

Financial derivative instruments consist of currency forwards, currency swaps, currency options, interest futures contracts and interest swaps.

Currency forwards and currency swaps are used to hedge against currency exposure in future cash flows. Currency derivatives used for this purpose are reported according to the hedge accounting method, that is to say the currency rate effect pertaining to derivative instruments is reported in the income statement at the same time as the currency rate effects of the underlying cash flows are realized. The interest component (futures premium) is reported according to the accrual accounting method over the life of the contract against net interest income/expenses. Outstanding currency derivatives that do not fulfill the criteria for hedge accounting are valued according to the lower of cost or market principle. Unrealized losses are transferred to net interest income/expenses.

Currency derivatives used for hedging purposes are reported in the income statement in the same way as the currency forward contracts above. Option premiums are balanced and reported in the report upon maturation.

Interest-rate futures used to achieve the desired duration of interest-bearing assets and liabilities are realized continuously and accounted for within net financial items.

Interest-rate swaps used for the purpose of changing the interest structure of underlying financial assets and liabilities are reported according to the hedge-accounting method, for example the effect of the derivative is reported on the income statement at the same time as the effect of the underlying item. Interest derivatives that do not fulfill the criteria for hedge accounting are valued according to the lower of cost or market principle. Unrealized losses are transferred to net interest income/expenses. The share of outstanding fixed-income derivatives at the year-end is stated in Note 24.

ACTUAL VALUE

The actual value presented in the report is based on market price and generally accepted methods. In the case of valuation, official quotations on the closing date were applied. Translation into SEK was at the year-end rate.

RECEIVABLES

Receivables are reported as the amount expected to be received.

RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCIES

Receivables and liabilities in foreign currencies have been valued at the year-end rates quoted for each currency. Where receivables and liabilities have been hedged with currency derivatives, valuation has been carried out at the rates set in the hedging contracts. Exchange-rate differences relating to operating receivables and liabilities are reported as part of operating income, while exchange-rate differences relating to financial assets and liabilities have been reported as financial items.

CURRENT TRADING ACCOUNT

Current trading accounts assets and liabilities in OMHEX's exchange operations have been reported according to the net accounting principle within the respective clearing operations. See page 44, Revenue recognition – HEX Integrated Markets.

OVERVIEW CURRENT TRADING ACCOUNT

Gross amount SEK m	Receivables	Liabilities
Stockholmsbörsen AB	107	138
OM London Exchange Ltd	9	0
Natural Gas Exchange Inc	2 221	2 225

TAXES

Under the *Taxes* heading in the income statement, OMHEX has reported current and deferred income tax for its Swedish and foreign Group companies. Group companies are liable to pay tax in accordance with the applicable tax legislation in the countries in question. The Swedish State corporate tax for the Parent Company was 28 percent, calculated on nominal reported income, adding non-deductible items and deducting non-taxable revenue as well as other deductions, primarily tax-free dividends from subsidiaries.

Deferred tax is reported in accordance with the balance-sheet method, which means that deferred tax liabilities and receivables are calculated and reported in the balance sheet on temporary differences between book and taxable values for assets and liabilities as well as for other tax deductibles or deficits.

Deferred tax receivables are reported with caution and only when it is deemed probable that the underlying tax receivable will be realized during the foreseeable future. At each balance-sheet date an assessment is made of the reported values.

Deferred tax liabilities and receivables are calculated using the anticipated tax rate at the time the reversal of the temporary difference is due to take place. The effects of the changes to applicable tax rates are reported during the period in which the changes become statutory. See Note 11.

ITEMS AFFECTING COMPARABILITY

Items affecting comparability relate to events and transactions that have an impact on income and are of significance when income for that period is compared with other accounting periods and other companies.

OMHEX reports revenue and expenses of a non-recurring nature as items affecting comparability. These are revenues and expenses that are not part of the company's current operations and should not be taken into account in comparison with prior periods or other companies, or when establishing forecasts. Revenue from the sale of EDX London during 2003 has been classified as an item affecting comparability. During the year, expenses related to the cost-efficiency program that was introduced in June, as well as the measures presented in December, have also been classified as an item affecting comparability. For additional information regarding items affecting comparability, see Note 8.

PROVISIONS

Provisions are reported in the balance sheet when the Group is set to experience future commitments as a consequence of an event that has already happened and is likely to cause a loss of financial benefits, the size of which can be anticipated with a reasonable degree of certainty.

Provisions for restructuring expenses are reported when the Group has presented a detailed plan for the implementation of the planned action and this plan has been communicated to all the parties involved. See Note 21.

Using OMHEX's previous accounting principles, a provision for structural measures was reported in conjunction with the Board of Directors' decision with regard to this matter. Since the change-

over to the Swedish Financial Accounting Standards Council's recommendation relating to provisions (RR16) in 2002, no retroactive recalculations have been made regarding previous provisions.

COLLATERAL PLEDGED TO OMHEX'S EXCHANGE OPERATIONS

Through their clearing operations, OMHEX's exchanges enter as the counterparty in each options and futures contract, thereby guaranteeing the fulfillment of each contract. Customers who, through either an option or futures contract, incur a financial obligation toward OMHEX's exchanges, must pledge collateral against this obligation in accordance with the specific rules regulating this area. Most of the collateral pledged comprises cash and securities issued by the Swedish State. See Note 28. For other collateral pledged, see Note 29.

CONTINGENT LIABILITIES

A contingent liability relates to a potential commitment arising from events that have occurred but where the actual commitment can only be confirmed through the occurrence of one or more uncertain future events that lie outside the control of the company.

In order for a company not to be required to report a contingent liability as a provision in the balance sheet, it must either be unlikely that an outflow of resources will be required to regulate any upcoming commitments, or be the case that the size of the commitment cannot be calculated with sufficient accuracy.

DESCRIPTION AND DEFINITION OF BUSINESS AREAS AND GEOGRAPHIC REGIONS

OMHEX is made up of two divisions: HEX Integrated Markets and OM Technology.

HEX Integrated Markets consists of four business areas: Cash Markets, Derivatives Markets, Settlement & Depository and Baltic Operations.

Cash Markets comprises equity trading at Stockholmsbörsen and HEX Helsinki.

Derivatives Markets comprises derivative trading and clearing operations at Stockholmsbörsen and HEX Helsinki, as well as cooperative dealings with mainly EUREX and EDX London.

Settlement & Depository comprises the Finnish central securities depository (APK), which provides clearing, settlement and depository services for equities and fixed-income products.

Baltic Operations comprises the stock exchanges, central securities depositories and the national funded pension account registers in Estonia and Latvia.

OM Technology is made up of three business areas: Banks & Brokers, Financial Markets and Global Services.

Banks & Brokers sells transaction technology and provides processing and outsourcing services to banks and brokerage firms.

Financial Markets develops transaction technology solutions for exchanges, clearing organizations and central securities depositories. The business area also includes operations that were part of the former Energy Markets business area.

Global Services offers outsourcing of systems operations to exchanges, clearing organizations, central securities depositories, banks and brokerage firms.

Geographically, OMHEX has operations in four regions: the Nordic Region, Europe, North America and Asia/Australia. The geographic grouping corresponds to regions where the company's opera-

tions have relatively similar system solutions, rules and regulations and customers.

EMPLOYEE STOCK OPTION PROGRAM

All employees were allocated employee stock options during 2000, 2001 and 2002. The strike price has been set at 10 percent of the applicable share price. OMHEX has not received any premiums for these options and the market value of the options granted has not been taken up in the accounts. Upon exercise, options will primarily be delivered from a third party which has undertaken to provide existing shares (no dilution). OMHEX therefore receives no part of the strike price when these options are exercised. The effects of the agreement aimed at limiting dilution, securing the provision of shares upon exercise of these options and, in the event of a price increase, limiting the outflow of liquidity due to social security contributions, are reported as a deduction from shareholders' equity in accordance with the rules governing buying back own shares. The financing expenses are treated as financial expenditure.

When the share price exceeds the strike price of the option, provisions are made for the anticipated social security contributions, which are also expensed, on an ongoing basis. See Note 24.

FINNISH ACCOUNTING PRINCIPLES

This information is presented according to the Finnish Financial Supervisory Authority's decision number 28/269/2003. As stated on page 44, this Annual Report has been presented according to the Annual Accounts Act and the Swedish Financial Accounting Standards Council's current directives. The main difference between the Finnish accounting principles and the applied Swedish principles for OMHEX concerns acquisition through new issue of own shares. In the case of acquisition through new issue of own shares, Finnish accounting norms do not stipulate that purchase price must be calculated according to market value of the issued shares. Swedish accounting principles stipulate that the purchase price must be calculated according to market value of the issued shares, which often entails that goodwill and other company surplus value and future amortization of these will be reported.

NEW DIRECTIVES FROM THE SWEDISH FINANCIAL ACCOUNTING STANDARDS COUNCIL

From January 1, 2004, OMHEX will incorporate the Swedish Financial Accounting Standards Council's recommendation (RR29) regarding employee remuneration. OMHEX previously reported pension obligations in line with Swedish accounting standards. According to the Swedish accounting standards, pension obligations are reported with the pension liability that is accrued per accounting year.

According to RR29/IAS 19, pension obligations are classified as defined-contribution plans or defined-benefit plans. The reported pension obligations comprise all existing pension plans within the company.

The defined-contribution plans are mainly accounted for at the cost (premium/contribution) incurred by OMHEX during the period for securing employee pension benefits. In these cases, there is no need to perform an evaluation of the pension plan from an insurance perspective.

Under defined-contribution plans, OMHEX is exposed to demographic and financial risk. The demographic risk is that employees could live longer than calculated and therefore expenses could be higher than calculated for the lifelong pension paid by OMHEX. The financial risk is in the case that collateral pledged for financial

benefits (insurance/pension assets) might not be sufficient. In such cases OMHEX may be forced to contribute additional collateral so that the pensions can be paid.

Defined-benefit plans must be established according to the present value of all defined-benefit obligations and the actual value of any assets under management. In that case the *Protected Unit Credit Method* is used to calculate obligations and costs, in doing which consideration will be given to future salary increases.

During 2003, OMHEX carried out an inventory of all pension plans that are active within the company and started a valuation and calculation of these plans. In the first quarter 2004, OMHEX will report any effects that may arise related to these pension plans.

TRANSITION TO INTERNATIONAL REPORTING STANDARDS (IFRS) IN 2005

According to an EU directive, all public companies within the EU must prepare financial statements in accordance with IFRS from and including 2005. The transition to IFRS 2005 also means that comparative figures for 2004 are to be reported according to IFRS, with the exception of financial instruments which will be applied from 2005. In order to facilitate and secure the transition to IFRS, OMHEX has appointed a special project group made up of employees from the Finance department, the Treasury department and the Human Resources department. The project group reports to the Audit Committee and the CFO, who keep executive management and the Board of Directors updated. The work will be completed in 2004.

Work regarding the transition to IFRS has begun and encompasses the identification and analysis of the differences between Swedish GAAP for listed companies and IFRS, establishment of an implementation plan for IFRS within the company and a review of the systems and processes that are affected by the transition. Accounting and reporting in accordance with IFRS will affect OMHEX's reported income and financial position. Furthermore, formulation of the annual report will also be affected due to enhanced disclosure requirements.

The significant differences between Swedish GAAP and IFRS practices in effect today that will have an effect on OMHEX are in the following areas:

Financial instruments: according to IAS 39, all financial assets and liabilities, including freestanding and embedded derivatives, are to be reported in the balance sheet, which will lead to an increase in the balance sheet total, and current valuation adjustments will have an effect on the company's results. Classification of financial instruments steers the current valuation where the valuation norm is the actual value. Together with any hedge accounting, as well as the occurrence of embedded derivatives in contracts that are to be reported, the implementation of recommendations will have an effect on the company's results, shareholders' equity and key ratios. It has yet to be determined how the effects described above will be reported in the company's accounts.

Significant differences between accepted accounting practices in Sweden and IFRS practices in effect today that are expected to be adopted during the first quarter 2004 and that will have an effect on OMHEX are:

Intangible assets (goodwill) with an unlimited economic life: the draft of the recommendations regarding reporting of goodwill states that goodwill is no longer an object for amortization according to plan. Instead, the company must carry out a write-down

test of the reported value on a yearly basis. During 2003 the Group's amortization of goodwill totaled SEK 170 m (129).

Share-related remuneration (for example, the employee stock option program): the draft of recommendations regarding the reporting of share-related remuneration states, for example, that the employee stock option program is reported at actual value at the time of allocation. The value of the employee stock option program is reported as an increase in shareholders' equity and as an asset (prepaid expense), which is expensed during the earning period. OMHEX has not yet calculated what impact the above-described differences between Swedish GAAP and IFRS will have on the company's accounts. The calculation of effects during the transition to IFRS will be completed during 2004 and reported during the first quarter of 2005.

EXCHANGE RATES

The year-end rate is used in consolidation of foreign subsidiaries' balance sheet items. The average exchange rate for the period is applied for income items.

EXCHANGE RATES

	2003		2002	
	Year-end rate	Average rate during period	Year-end rate	Average rate during period
AUD	5.43	5.26	4.97	5.26
CAD	5.56	5.77	5.63	6.16
CHF	5.83	6.00	6.33	6.24
DKK	1.22	1.23	1.24	1.23
EEK	0.58	0.58	-	-
EUR	9.10	9.13	9.20	9.15
GBP	12.92	13.21	14.15	14.53
HKD	0.94	1.03	1.13	1.24
LVL	13.6	14.20	-	-
NOK	1.08	1.14	1.26	1.22
USD	7.27	8.04	8.83	9.66

NOTE 2. REVENUE

REPORTED REVENUE DIVIDED BETWEEN DIFFERENT REVENUE TYPES

SEK m	2003	2002
License, support and project revenue ¹⁾	898	1 057
Facility Management Services	648	584
Other revenue ²⁾	152	258
Total OM Technology	1 698	1 899
Trading revenue	641	583
Issuers' revenue	177	173
Information sales	161	117
CSD revenue	141	0
Other revenue	110	92
Total HEX Integrated Markets	1 230	965
Parent Company and other functions ³⁾	144	150
Group eliminations (see below)	-386	-374
TOTAL	2 686	2 640

¹⁾ Of which revenue derived from assignment revenue SEK 314 m (328).

²⁾ Of which SEK - (75) m relates to the sale of shares in ORC Software.

³⁾ Parent Company and other functions includes, in addition to the Parent Company, primarily OM Treasury AB, OM Capital Insurance AG and XACT Fonder AB. The Parent Company also administers all of the Group's offices in Sweden, for which premise leasing expenses are invoiced to the respective divisions.

CURRENCY EFFECTS

Revenue includes positive exchange-rate differences amounting to SEK 20 m (30), of which SEK 34 m (36) is unrealized. Exchange-rate differences had a negative effect on operating expenses of SEK -5 (negative: 5), of which SEK 4 m (negative: 2) is unrealized.

PARENT COMPANY INTERNAL SALES

OM HEX AB's internal sales to other companies within the Group were SEK 73 m (75). During the year the Parent Company made purchases from other companies in the Group at an amount of SEK 10 m (negative: 15).

NOTE 3. BUSINESS AREAS AND GEOGRAPHICAL SEGMENTS

Internal reporting and follow-up within OMHEX is organized in two divisions, HEX Integrated Markets and OM Technology.

BUSINESS AREAS BY DIVISION

HEX Integrated Markets	OM Technology
Cash Markets	Banks & Brokers
Derivatives Markets	Financial Markets
Settlement & Depository	Global Services
Baltic Operations	

Operations and products within the respective business areas are described on page 47 in this report. During 2002 the HEX Integrated Markets division also included the Jway business area and OM Technology included the Energy Solutions business area. The Jway business area was closed down effective January 1, 2003. Energy Solutions is today a part of Financial Markets. Comparative figures for the 2002 business areas have been adjusted to create comparable units. Divisions and business areas make up OMHEX's primary reporting segments, while the geographic divisions make up the secondary reporting segments. The composition of geographic areas is described in Note 1.

REVENUE PER DIVISION AND BUSINESS AREA ¹⁾

SEK m	2003	2002
Cash Markets	695 (-)	584 (-)
Derivatives Markets	367 (-)	378 (-)
Settlement & Depository	146 (-)	- (-)
Baltic Operations	22 (-)	- (-)
Jway	- (-)	3 (-)
Total HEX Integrated Markets	1 230 (-)	965 (-)
Banks & Brokers	331 (1)	402 (3)
Financial Markets	889 (13)	955 (14)
Global Services	580 (106)	547 (128)
Other items	28 (10)	156 (55)
Eliminations	-130	-200
Total OM Technology	1 698	1 860
Parent Company and other functions	144	205
Group eliminations ²⁾	-386	-390
TOTAL GROUP	2 686	2 640

¹⁾ Internal sales within division in parentheses.

²⁾ Internal sales between divisions are broken down as follows: HEX Integrated Markets SEK 23 m (2), OM Technology SEK 235 m (222) and Parent Company and other functions SEK 128 m (170).

OPERATING INCOME PER DIVISION AND BUSINESS AREA

SEK m	2003	2002
Cash Markets	318	265
Derivatives Markets	84	101
Settlement & Depository	19	-
Baltic Operations	3	-
Jiway	-	-79
Total HEX Integrated Markets	424	287
Banks & Brokers	-79	-26
Financial Markets	63	75
Global Services	48	41
Common functions ¹⁾	-207	-211
Other items ²⁾	18	102
Total OM Technology	-157	-19
Parent Company and other functions	-154	-160
Items affecting comparability ³⁾	-562	-132
TOTAL GROUP	-449	-24

- ¹⁾ Common functions comprise primarily marketing and business development.
²⁾ Includes income from associated company ORC Software, as well as sale of shares in ORC Software during 2002.
³⁾ Not allocated between business areas. In 2003, SEK -463 m relates to OM Technology, SEK 39 m relates to HEX Integrated Markets and SEK -138 m relates to Parent Company and other functions.

ASSETS AND LIABILITIES PER DIVISION AND BUSINESS AREA 2003

SEK m	Assets	Liabilities
Cash Markets	2 190	82
Derivatives Markets	20	7
Settlement & Depository	382	23
Baltic Operations	7	7
Unallocated items in HEX Integrated Markets	238	136
Banks & Brokers	108	41
Financial Markets	563	115
Global Services	397	47
Unallocated items within OM Technology	549	593
Parent Company and other functions	818	521
Unallocated items	1 474	1 639
TOTAL GROUP	6 746	3 211

Items per business area are tangible assets, intangible assets, external operating receivables, external operating liabilities and goodwill from the acquisition of HEX Integrated Markets. Goodwill related to OM Technology is reported above as an unallocated item within OM Technology. Other items are not allocated in the Group and are reported as unallocated items. Unallocated items also include all internal business dealings. Assets and liabilities that could be affected by the business areas are allocated in accordance with OMHEX's business control model. The business control model does not support a full distribution of balance-sheet items.

Assets and liabilities have only been distributed per division from 2003. Since it proved impracticable to create a balance sheet per division with sufficient accuracy, no balance sheets were created per division and business area for 2002.

INVESTMENTS, DEPRECIATION AND WRITE-DOWNS PER DIVISION AND BUSINESS AREA

SEK m	2003	2002
	Invest-ments (wr-downs)	Invest-ments (wr-downs)
Cash Markets	14	-86 (-)
Derivatives Markets	1	-5 (-)
Settlement & Depository	9	-15 (-)
Baltic Operations	10	-2 (-)
Jiway	-	- (-58)
Total HEX Integrated Markets	34	-108 (-)
Banks & Brokers	11	-32 (-67)
Financial Markets	116	-36 (-35)
Global Services	44	-48 (-)
Common functions	18	-90 (-82)
Total OM Technology	189	-206 (-184)
Parent Company and other functions	38	-60 (-18)
TOTAL GROUP	261	-374 (-202)
	205	-323 (-58)

Investments refer to acquisitions of tangible and intangible fixed assets.

For information on write-downs during the year, see Note 13. Write-downs during the year relate to the cost-efficiency program presented in June and to further measures in December and are reported as items affecting comparability in the income statement.

INFORMATION REGARDING SECONDARY SEGMENTS (GEOGRAPHIC AREAS)

EXTERNAL REVENUE PER GEOGRAPHICAL AREA¹⁾

SEK m	2003	2002
Nordic countries	1 891	1 427
Rest of Europe	265	379
North America	418	644
Asia/Australia	112	190
TOTAL GROUP	2 686	2 640

- ¹⁾ Division is based on the location of our customers.

ASSETS AND INVESTMENTS PER GEOGRAPHICAL AREA¹⁾

SEK m	2003	2002
	Assets	Investments
Nordic countries	5 923	246
Rest of Europe	2 625	5
North America	295	4
Asia/Australia	47	6
Group eliminations and unallocated items ²⁾	-2 143	-
TOTAL GROUP	6 746	261
	4 920	205

- ¹⁾ Division is based on the location of customers.

- ²⁾ Group adjustments and unallocated items include goodwill of SEK 2 410 m (903).

Investments refer to acquisitions of tangible and intangible fixed assets.

The Parent Company is located in the Nordic region and does not have any income, assets or investments in any other geographic areas.

NOTE 4. DISCONTINUING OPERATIONS

The table below shows the income statement relating to Jiway, which is part of the Group's income statement and of the HEX Integrated Markets division. The closure of Jiway had no material impact on the consolidated balance sheet. During 2003, Jiway had a negative effect on Group cash flow from operations in an amount of SEK 59 m.

During 2002, Jiway had a negative effect on Group cash flow from operations in an amount of SEK 176 m. No investments took place during 2002.

DISCONTINUING OPERATIONS, RELATED TO JIWAY

SEK m	2003	2002
NET SALES, of which	-	3
Own work capitalized	-	-
TOTAL REVENUES	-	3
Rent for premises	-	-6
Marketing costs	-	-1
Consultancy costs	-	-16
Operation and maintenance costs, IT	-	-28
Other external costs	-	-10
Personnel costs	-	-17
Depreciation	-	-4
Items affecting comparability	-	-75
Total operating costs	-	-157
Share in earnings of associated company	-	-
OPERATING EXPENSES	-	-154
Financial items	-	-1
Loss after financial items	-	-155
Tax	-	0
TOTAL	-	-155

NOTE 5. AUDITORS' REMUNERATION

The following remuneration was paid to auditors and accounting firms for auditing and audit-related services required by law as well as for advice and other assistance arising from observations made during the course of the auditing process.

Remuneration was also paid for additional independent advice, mostly pertaining to audit-related consultations on accounting and taxation issues in conjunction with company acquisitions and restructuring.

REMUNERATION TO GROUP AUDITORS

(SEK 000s)	Group		Parent Company	
	2003	2002	2003	2002
PricewaterhouseCoopers				
Auditing assignments ¹⁾	7 558	342	5 340	342
Other assignments	1 212	628	166	35
Ernst & Young				
Auditing assignments ²⁾	11 582	8 573	5 671	1 921
Other assignments ³⁾	6 991	8 282	1 355	851
BDO Feinstein				
Auditing assignments	23	290	-	-
Other assignments	63	155	-	-
Other auditors				
Auditing assignments	-	64	-	-
Other assignments	216	285	-	-
TOTAL	27 645	18 619	12 532	3 149

¹⁾ For 2003, includes SEK 3 891 m in costs related to the acquisition of HEX.

²⁾ For 2003, includes SEK 4 067 m in costs related to the acquisition of HEX.

³⁾ Relates mainly to tax and IT consulting.

NOTE 6. PERSONNEL

PERSONNEL EXPENSES AND BENEFITS PAID TO SENIOR EXECUTIVES

This note has been prepared in accordance with current legislation, rules and recommendations. The reporting of senior executive benefits has been carried out in accordance with the recommendations of the Industry and Commerce Stock Exchange Committee (NBK).

SENIOR MANAGEMENT

As recommended by NBK, senior management should be divided into *top management* and *other executives in senior management*.

Top management within OMHEX is defined as:

Chairman of the Board (Olof Stenhammar)

President and Chief Executive Officer (CEO) (Per E. Larsson until May 31, 2003 and Magnus Böcker from September 4, 2003)

Other executives in senior management relates to other people in the Parent Company and subsidiaries who report to the President and CEO of the named company.

Executive management relates to other people in the company's management than those who make up the *top management*. In OMHEX's case this relates to four employees, who together with the President and CEO make up the executive management team, namely:

The President and CEO of Stockholmsbörsen, Kerstin Hessius (until September 3, 2003), Deputy CEO OMHEX and President of HEX Integrated Markets Jukka Ruuska (from September 4, 2003), President of OM Technology Klas Ståhl (from September 4, 2003), Chief Financial Officer (CFO) Per Nordberg and Chief Strategy Officer (CSO) Anders Reveman.

OMHEX'S REMUNERATION COMMITTEE

The Remuneration Committee is appointed on an annual basis by the Board of Directors. During the period January to February 2003, the Remuneration Committee included Olof Stenhammar

(chairman), Bengt Rydén and Adine Grate Axén. Following the Annual General Meeting held on March 19, Bengt Rydén was replaced by Bengt Halse, who was replaced by Markku Pohjola in September. The Remuneration Committee's task is to prepare remuneration matters for Board decisions on issues relating to the salary and remuneration paid to the executive management, including the President and CEO, to propose remuneration for the Board members in the companies within the Group that the Board has identified, and to make recommendations regarding remuneration principles, benefits and other types of remuneration for OMHEX employees. The committee had a particular focus on the following issues: the harmonization and creation of a new remuneration scheme for senior management within OMHEX, the development of a new program for variable salary called *Short-Term Incentive 2004* and offer of a new employee warrant program. During 2003, the Remuneration Committee had 13 meetings.

OMHEX'S REMUNERATION POLICY

The aim of OMHEX's remuneration policy is to offer remuneration that promotes a situation whereby senior management and other employees alike can be recruited and retained, in addition to motivating them to do their best while working for OMHEX. Its fundamental principles for 2003 were:

- To work toward a consensus between employees and shareholders as regards the long-term perspective of the company.

- To establish a clear relationship between remuneration and long-term development of OMHEX and OMHEX's financial results.

- To ensure that employees within OMHEX's different organizations receive remuneration that is reflective of the market and is competitive.

- To offer a salary scale based on results achieved, work duties, experience and position held, which also means a neutral stance in relation to gender, ethnic background, disability, sexual orientation, etc.

REMUNERATION STRUCTURE

OMHEX's employee remuneration comprises the following parts:

- Fixed salary and variable salary (bonus)
- Long-term incentive program (employee stock options)
- Pension
- Other remuneration and severance pay

According to the Board of Directors' discretion, decisions can be made to revise or terminate an existing program related to the remuneration structure.

NEW REMUNERATION STRUCTURE FOR SENIOR MANAGEMENT

During 2003, a new remuneration policy was developed for the President and CEO and the executive management. Work on a new remuneration structure, which revised the terms regarding fixed salary, variable salary and benefits, was carried out. For the President and CEO the revised terms came in effect on September 4, 2003. New terms for the executive management came into effect during the last quarter of 2003.

The maximum variable salary for the President and CEO was reduced from 12 months' fixed salary to 6 months' fixed salary and benefits valued at SEK 184 600 were removed. As compensation, the President and CEO's fixed salary was increased by 2.8 percent. For executive management employees, the maximum variable salary varied previously between 6-12 months' fixed salary. The maximum variable salary for the executive manage-

ment was set at six months' fixed salary. Domestic help, family health care insurance and life insurance benefits were removed.

FIXED SALARY

Every OMHEX employee has an annual salary review, with the exception of the President and Chief Executive Officer, for whom a review takes place every second year. The review considers salary levels in the market, employee performance and any changes to responsibilities as well as the company's development and local rules and agreements.

VARIABLE SALARY

In addition to the fixed salary, OM also paid a discretionary, variable salary to *key contributors* in 2003. Key contributors are defined as employees whose performance has exceeded expectations and who have made a positive contribution to OM's long-term development. OM's variable salary for 2003 comprised a quantitative part up to a maximum of 70 percent and a qualitative part up to a maximum of 30 percent. The total variable salary was a maximum of 3 percent of OM's total payroll expenses and the total allocated variable salary for 2003 was SEK 6 m, excluding the integration bonus of SEK 5 m (see section on Variable Salary 2003 – Integration Bonus OMHEX).

President and CEO and executive management

Quantitative and qualitative targets are set for the President and CEO on an annual basis by the Remuneration Committee and are ratified by the Board of Directors. The President and CEO sets targets for the executive management team. Targets for other employees are set by each line manager according to the grandfather principle.

The quantitative part of the 2003 variable salary for the Executive Committee was not fulfilled. Regarding the qualitative part of a maximum of 30 percent, the President and CEO and two other people in the executive management elected to forgo any possible reward.

Variable salary 2003 – HEX

The executive management makes decisions regarding the variable salary on a yearly basis. HEX's variable salary, called the *Incentive Reward System*, is divided into two different models.

Model 1 consists of a quantitative and a qualitative part up to a maximum of 30 percent of total remuneration. The quantitative part is up to a maximum of 20 percent and the qualitative part up to a maximum of 10 percent. Approximately 83 percent of HEX employees are included in this model. Model 2 consists of a variable salary up to a maximum of 10 percent of total remuneration; approximately 12 percent of employees are included in this model.

The total variable salary for 2003 was approximately SEK 22 m of which SEK 16 m was paid out in 2003.

Variable salary 2003 – Integration Bonus OMHEX

At the end of the third quarter, expenses for the integration bonus were estimated at SEK 50 m according to the prospectus in conjunction with the merger between OM and HEX. Only SEK 5 m was utilized and taken from OMHEX's total variable salary reserves for 2003. The integration bonus was awarded to employees who made extraordinary work contributions during the integration phase. This variable salary was distributed to 56 employees within OMHEX and the maximum variable salary was SEK 150 000 per employee. The President and CEO and the executive management were not awarded an integration bonus.

Payment of the integration bonus has hereby been completed and from 2004 is a part of the variable salary package *Short-Term Incentive 2004*.

Variable salary 2004 – OMHEX

During the first quarter 2004, OMHEX introduced a new common program regarding variable salary, called *Short-Term Incentive 2004*. The program is made up of quantitative and qualitative goals, 70 percent being quantitative and 30 percent qualitative. The goals and conditions are evaluated on a yearly basis. For 2004, the quantitative goals have been tied to an estimated operating profit/loss. In order for the 70-percent quantitative part to be distributed, it is stipulated that OMHEX must achieve its stated goals. The total amount is prorated and maximum distribution of the quantitative variable part will occur at a goal-fulfillment level of 130 percent.

OMHEX's variable salary for 2004, *Short-Term Incentive 2004*, will comprise approximately 150 key employees in total. The total variable part to be distributed in 2004 will be up to a maximum of SEK 34 m, excluding social security costs. Goals are set up by the respective line manager according to the grandfather principle. Of the 70 percent quantitative goal, 60 percent must reflect superior results and 40 percent own operations.

Qualitative goals are evaluated in conjunction with performance appraisals every six months.

President and CEO and executive management

According to the *Short-Term Incentive 2004* program, up to a maximum of 6 months' fixed salary will be distributed to the executive management, including the President and CEO.

Long-term incentive programs

The goal of long-term incentive programs is to increase the attractiveness of OMHEX as an employer and to sharpen employees' focus on shareholder value related to growth and profitability.

Long-term incentive programs 2003

In accordance with the resolution passed at an Extraordinary General Meeting of OM shareholders on August 18, 2003, OMHEX offered approximately 120 key employees the possibility to purchase three-year warrants at market price. Of a total of 1 150 000 warrants, of which one warrant carries the right to purchase one share, 310 000 were subscribed. The market valuation was carried out by Handelsbanken. Warrants that were not subscribed are held by OM Treasury and can be offered to future key employees at market price in accordance with the directions of the Board of Directors. Since earlier programs had concluded, HEX did not offer a long-term incentive program in 2003 apart from the above-mentioned warrant program. During 2003, OMHEX decided not to continue to distribute employee stock options.

Long-term incentive program 2004

According to the company's discretion, a new long-term variable incentive program will be implemented in 2005 at the earliest.

PENSIONS

OMHEX's pension plan for employees in Sweden has been created to provide employees with a market-competitive work pension. The premium is made up of fixed percentages in three different salary intervals up to a maximum fixed salary level of 30 basis points. The plan is also divided between different age intervals. The premium allocations increase according to age and fixed salary. Pension commitments are fulfilled through premium payments to

independent insurers. A pension expense corresponding to the premiums paid is charged to revenue on an ongoing basis for these premium-based pension schemes.

According to Finnish labor market regulations, OMHEX employees in Finland at the age of 65 have the right to receive a pension level equivalent to a maximum of 60 percent of their final salary. Maximum benefits require a period of service of 40 years. Premiums are based on the total yearly income, including variable and fixed salary as well as other benefits.

President and CEO and executive management

From 2002, during the period of notice for the previous President and CEO Per E. Larsson and the current President and CEO Magnus Böcker, a premium-based pension benefit has been allocated. The total premium provision is up to 23 percent of fixed salary. The portion of the pension that is within the deductibility limits, as stated by the Income Tax Act's principal rule, will be treated as occupational pension insurance. Those premium portions that cannot be treated as occupational pension are treated by OMHEX as a direct pension commitment, which is secured by capital insurance.

Deputy CEO Jukka Ruuska is also included in the pension plan stipulated by the Finnish labor market regulations clarified above. Current premiums for the Deputy CEO are equivalent to a pension provision of 16.4 percent of total remuneration. Other members of the executive management are included in the OMHEX pension plan, with the exception of one individual premium-based pension solution. Retirement age for employees, including the President and CEO and the executive management is 65 years.

OTHER REMUNERATION

(OTHER BENEFITS AND SEVERANCE TERMS)

Other benefits

In addition to the occupational pension premiums detailed above, OMHEX also pays for health insurance, occupational group life insurance (TGL) and accident-at-work insurance (TFA). Employees may also supplement their insurance cover through OMHEX's optional group insurance. Employees in Finland have equivalent benefits that are stipulated in the collective agreement for the financial sector. In addition the executive management is entitled to health insurance.

Severance terms

The period of notice that applies between OMHEX and the President and CEO is 12 months from the company's side and six months from the President's side. In the event of a company initiative to terminate the employment contract of the President and CEO, remuneration will be paid to the President and CEO corresponding to the salary and other benefits (pension and insurance including health insurance) during the period of notice. In addition to this, the President and CEO will receive a severance payment of 6 months' fixed salary. Deduction of any salary received from a new employer will be made. Other executive management employees have a period of notice of 12 months from the company's side and 6 months from the employee's side. Parts of the executive management will receive a severance payment of 6 months, including deductions of salary received from a new employer. All executive management employees have a non-competition clause of 12 months. A penalty is included in the clause.

REMUNERATION TO THE BOARD OF DIRECTORS AND THE PRESIDENT AND CEO

(SEK)		Board fees	Fixed salary	Variable salary	Employee stock options	Pension	Benefits in kind	TOTAL
Olof Stenhammar	2003	718 750	-	-	-	-	716 498 ¹⁾	1 435 248
	2002	700 000	-	-	-	-	699 447	1 399 447
Per E. Larsson ²⁾	2003	-	9 135 000	3 000 000	-	2 992 800	1 341 286	16 469 086
	2002	-	3 780 581	1 210 000	690 000	869 400	138 206	6 688 187
Magnus Böcker ³⁾	2003	-	3 526 992	-	-	950 205	191 129	4 668 326
	2002	-	-	-	-	-	-	-
Executive management ⁴⁾	2003	-	8 515 256	419 000	-	1 655 373	487 019	11 076 648
	2002	-	8 367 004	2 815 000	1 380 000	1 989 588	543 014	15 094 606
Gunnar Brock	2003	187 500	-	-	-	-	-	187 500
	2002	150 000	-	-	-	-	-	150 000
Jan Carendi	2003	37 500	-	-	-	-	-	37 500
	2002	150 000	-	-	-	-	-	150 000
Thomas Franzén	2003	197 917	-	-	-	-	-	197 917
	2002	150 000	-	-	-	-	-	150 000
Nils-Fredrik Nyblaeus	2003	37 500	-	-	-	-	-	37 500
	2002	150 000	-	-	-	-	-	150 000
Sven Nyman	2003	-	-	-	-	-	-	-
	2002	37 500	-	-	-	-	-	37 500
Bengt Rydén	2003	83 333	442 773 ³⁾	-	-	-	-	526 106
	2002	-	1 153 527	-	-	301 083	52 525	1 507 135
Adine Grate Axén	2003	225 000	-	-	-	-	-	225 000
	2002	112 500	-	-	-	-	-	112 500
Bengt Halse	2003	160 417	-	-	-	-	-	160 417
	2002	-	-	-	-	-	-	-
Timo Ihmuotila	2003	75 000	-	-	-	-	-	75 000
	2002	-	-	-	-	-	-	-
Tarmo Korpela	2003	66 667	-	-	-	-	-	66 667
	2002	-	-	-	-	-	-	-
Mikael Lilius	2003	66 667	-	-	-	-	-	66 667
	2002	-	-	-	-	-	-	-
Markku Pohjola	2003	75 000	-	-	-	-	-	75 000
	2002	-	-	-	-	-	-	-
TOTAL	2003	1 931 250	21 620 021	3 419 000	-	5 598 378	2 735 932	35 304 582
	2002	1 450 000	13 301 112	4 025 000	2 070 000	3 160 071	1 433 192	25 439 375

¹⁾ Includes remuneration to one of Olof Stenhammar's companies comprising a fixed salary as well as a profit-related payment based on a license agreement. The profit-related portion represents 1 percent of OM's income after financial items. The remuneration, which in its entirety is made up of a fixed amount, totals SEK 696 888 (680 947). The amount is paid out quarterly in arrears. The agreement, which was signed and stems from the founding of OM in 1995, will continue until and including 2005 and thereafter is subject to notice. Other benefits amount to SEK 19 610.

²⁾ Total remuneration for 2003 of SEK 16 469 086 includes, for the period from January 1, 2003 to May 31, 2003, the following: fixed salary of SEK 1 575 000, variable salary of SEK 3 000 000. Pension provisions totaled SEK 516 000, and benefits SEK 225 222. The remaining SEK 11 152 864 represents severance pay for 24 months, of which SEK 2 205 000 was paid out in 2003.

³⁾ Magnus Böcker is included in the executive management for 2002.

⁴⁾ Executive management includes: Kerstin Hessius, President of Stockholmsbörsen (until September 3, 2003), Jukka Ruuska, head of HEX Integrated (from September 4, 2003), Klas Ståhl, head of OM Technology (from September 4, 2003), Per Nordberg, Chief Financial Officer, and Anders Reveman, Chief Strategy Officer.

⁵⁾ Relates to final settlement for his position during 2002. In addition to the above remuneration, SEK 75 000 in consulting fees has been paid. The fees are based on a consulting agreement valid until December 31, 2004.

Board fees have not been paid to Board members who are employees of the Group. In addition to the above Board fees, Board fees totaling SEK 1 736 000 (1 314 000) were paid during the year to subsidiary Board members. These fees have only been paid to persons who are not employees of the Group.

FINANCIAL INSTRUMENTS

	Programs from prior years				This year's program
	Employee stock options ¹⁾			Warrants ²⁾	Warrants ²⁾
	2002 Number	2001 Number	2000 Number	Number	Number
Magnus Böcker	37 000	76 000	150 000	33 400	10 000
Per E. Larsson ³⁾	46 000	86 000	150 000	33 400	-
Executive management ⁴⁾	30 000	30 000	24 000	-	26 000
TOTAL	113 000	192 000	324 000	66 800	36 000

¹⁾ For employee stock options, no consideration has been paid by employees who received options. For the theoretical value of the options at the time of issue, refer to the table below.

²⁾ For warrants, consideration has been paid against the market value of the options (option premium) at the time of issue. For more information, see page 55. For this reason, warrants are not considered benefits.

³⁾ Last date for exercise of all distributed employee stock options is March 31, 2007.

⁴⁾ Refers to persons included in the executive management at December 31, 2003.

INFORMATION ON EACH YEAR'S EMPLOYEE STOCK OPTION PROGRAM

	2002	2001	2000
Strike price, SEK	71	175	400
Redemption of shares with effect from	2003-07-02	2002-06-15	2001-05-25
Expiry date	2009-07-02	2008-06-15	2007-06-28
Number of allocated options	733 000	1 100 000	1 400 000
Opening balance	714 000	926 000	1 003 000
Allotted options	-	-	-
Exercised options	-3 000	-	-
Expired and obsolete	-35 000	-117 000	-166 000
Closing balance	676 000	809 000	837 000
Of which, fully vested (guaranteed) Dec. 31, 2003	319 000	585 000	837 000
Theoretical value, SEK m ¹⁾	11	42	126
Theoretical value per option, SEK ¹⁾	15	38	90
Theoretical dilution	0.6%	0.7%	0.7%

¹⁾ The theoretical value of granted options is fixed through an established options valuation model (Black & Scholes) at the time they are granted. The volatility parameters have been adjusted to take account of the options' specific conditions relating to the vesting period and lifetime.

AMOUNTS RELATING TO THE EMPLOYEE STOCK OPTION PROGRAM INCLUDED IN INCOME STATEMENT AND BALANCE SHEET

SEK m	2003	2002	2001
Income statement			
Social security contribution expenses related to employee stock options	2	-	-
Interest related to the synthetic stock repurchase ¹⁾	2	24	17
Balance sheet			
Provision for social security expenses	2	-	-
Provision for loss risk regarding contract for synthetic buyback of own shares ²⁾	-	29	326

¹⁾ See Note 24.

²⁾ See Note 24.

CONVERTIBLE DEBENTURES AND WARRANTS

In addition to the employee stock option program issued in 1998 detailed above, convertible debentures and warrants were issued to employees in 1998 and 2003 respectively. The issues were made on market terms, whereby the employees paid a premium for the warrants.

CONVERTIBLE DEBENTURES ISSUED TO EMPLOYEES

	Dec. 23, 1998
Original nominal amount, SEK	76 531 350
Conversion 2003	0
Outstanding liability at Dec. 31, 2003	54 804 400
Nominal interest rate, % (12-month Stibor less 0.5%)	3.43
Conversion rate, SEK	161
Number of shares on full conversion of outstanding liability	340 400
Dilution upon full conversion	0.29%
Conversion with effect from	April 30, 1999
Maturity date	May 31, 2004

The value of shareholders' equity instruments in the convertible loan is not material, which is why no disclosure is made.

WARRANTS ISSUED TO EMPLOYEES

Warrants issued to employees	Nov. 20, 2003	Dec. 23, 1998
Subscription price, SEK	138.5	161
Number of shares upon full subscription	1 150 000	600 000
Dilution at full subscription	1.00%	0.52%
Subscribed as at Dec. 31, 2003	310 000	162 700
Premium, SEK	7.80	15.3
New subscription of shares with effect from	2006-07-01	1999-04-30
Maturity date	2006-09-30	2004-05-31

AVERAGE NUMBER OF EMPLOYEES

	2003		2002	
	Number of employees	Of which, men	Number of employees	Of which, men
Parent company				
Sweden	37	12	28	13
Total Parent Company	37	12	28	13

Subsidiaries

Sweden	1 049	683	1 150	766
Australia	46	33	32	23
Canada	29	22	29	20
Denmark	13	12	19	15
Germany	17	14	18	14
Hong Kong	6	4	10	6
Italy	4	4	4	4
Norway	94	68	93	69
UK	98	72	201	142
USA	89	63	93	66
Finland ¹⁾	170	92	-	-
Estonia ¹⁾	18	8	-	-
Latvia ¹⁾	13	6	-	-
Total subsidiaries	1 645	1 080	1 649	1 125

Joint ventures²⁾

Sweden	0	0	3	2
Total joint ventures	0	0	3	2

GROUP TOTAL	1 682	1 092	1 680	1 140
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¹⁾ The average number of employees in Finland, Estonia and Latvia has been calculated from July 1, 2003.

²⁾ Refers only to companies that have been consolidated using the proportional method. Financial information relates to the percentile portion of the average number of employees in the company.

ABSENCE DUE TO ILLNESS

In accordance with changes to the Annual Accounts Act as per July 1, 2003, the number of employees on absence due to illness during the reporting period is accounted for as a percentage of the employees total ordinary working hours for the Parent Company for 2003. Long-term absence due to illness is absence for 60 days or more in a row.

ABSENCE DUE TO ILLNESS

Parent Company	2003
Total absences due to illness	2.1%
Absences due to long-term illness (portion of total illness)	21%
Absences due to illness, men	0.5%
Absences due to illness, women	3.2%
Absences due to illness, employees under age 29	0.3%
Absences due to illness, employees age 30-49	2.5%
Absences due to illness, employees age 50 and above	0.9%

DISTRIBUTION ACCORDING TO GENDER WITHIN THE BOARD OF DIRECTORS, CEO AND OTHER SENIOR MANAGEMENT

In accordance with changes to the Annual Accounts Act as per January 1, 2004, the distribution by gender within the Board of Directors and executive management in the Parent Company and subsidiaries for the reporting periods 2003 and 2002 is shown below.

DISTRIBUTION BY GENDER WITHIN THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

	2003		2002	
	Number of employees	Of which, men	Number of employees	Of which, men
Board of Directors (excl. CEO)¹⁾				
Parent Company	9	8	8	7
Subsidiaries	128	115	95	88
GROUP TOTAL	137	123	103	95
Executive management (incl. CEO)²⁾				
Parent Company	5	4	5	4
Subsidiaries	100	63	74	47
GROUP TOTAL	105	67	79	51

¹⁾ Refers to the number of seats on the Board of Directors, for example a Board member can be counted more than once.

²⁾ Executive management includes all Presidents of Group companies as well as persons in management positions who report directly to any of the Group Presidents.

SALARIES, OTHER REMUNERATION AND SOCIAL CONTRIBUTIONS¹⁾

SEK m	2003		2002	
	Salaries and other remuneration	Social expenses (of which, pension exp.)	Salaries and other remuneration	Social expenses (of which, pension exp.)
Parent Company	41	21 (5)	27	17 (5)
Subsidiaries	872	279 (92)	775	259 (81)
Joint ventures ¹⁾	1	0 (0)	2	1 (0)
GROUP TOTAL	914	300 (97)	804	277 (86)

¹⁾ Relates only to companies that have been consolidated using the proportional method. Expense information relates to the percentile portion of these companies' expenses for salaries, other remuneration and social security expenses.

SALARIES AND OTHER REMUNERATION DISTRIBUTED PER COUNTRY AND BETWEEN BOARD MEMBERS ET AL AND EMPLOYEES¹⁾

SEK m	2003		2002	
	Board of Dir. and CEO (of which bonus and similar remuneration)	Other employees	Board of Dir. and CEO (of which bonus and similar remuneration)	Other employees
Parent Company				
Sweden	9 (3)	32	11 (2)	16
Total Parent Company	9 (3)	32	11 (2)	16
Subsidiaries				
Sweden	14 (1)	542	8 (1)	429
Australia	1 (0)	21	- (-)	17
Canada	- (-)	22	2 (-)	18
Denmark	1 (-)	7	1 (-)	9
Germany	- (-)	11	- (-)	12
Hong Kong	0 (-)	2	- (-)	5
Italy	1 (0)	2	- (-)	3
Norway	3 (0)	41	3 (-)	52
Switzerland	- (-)	0	- (-)	2
UK	10 (2)	60	2 (-)	109
USA	5 (1)	74	- (-)	103
Finland	6 (1)	44	- (-)	- (-)
Estonia	0 (0)	2	- (-)	- (-)
Latvia	1 (0)	2	- (-)	- (-)
Total subsidiaries	42 (6)	830	16 (1)	759
Joint ventures²⁾				
Sweden	0 (-)	1	- (-)	2
Total joint ventures	0 (-)	1	- (-)	2
GROUP TOTAL	51 (9)	863	27 (3)	777

¹⁾ Does not include salaries and other remuneration such as severance pay and similar items related to restructuring measures. Reported as items affecting comparability in the balance sheet.

²⁾ Relates only to companies that have been consolidated using the proportional method. Information relates to the percentile portion of these companies' expenses for salaries and other remuneration.

INFORMATION ON RELATED PARTIES

A member of the Board in a Norwegian subsidiary is a partner in a company that leases out premises to the Norwegian subsidiary. During the year, SEK 1.92 m was paid to the company in leasing expenses. The lease is in accordance with accepted market rates.

NOTE 7. TRANSACTIONS WITH RELATED PARTIES

Related parties refers to companies and individuals on whom OMHEX is in a position to exercise considerable, though not controlling, influence.

When transactions with associated companies reported in accordance with the equity method are not eliminated in the consolidated financial statements, separate information is shown in the table below to disclose the transactions that took place between OMHEX and these companies. Information relating to joint ventures covers that portion of transactions that are not eliminated in the consolidated financial statements.

Information relating to transactions with individuals in close proximity (Board of Directors) is set out in Note 6.

TRANSACTIONS WITH RELATED PARTIES, GROUP, 2003

SEK m	Sales	Purchases	Receivables	Liabilities
Associated companies				
Clearing Control, CCAB	-	3.3	0.5	-
EDX London Ltd	11.8	-	52.9 ¹⁾	0.2
ENITA AS	6.8	-	0.7	-
Nordic Exchanges A/S	-	-	-	-
Näringslivskredit, NLK AB	-	61.8 ²⁾	79.4 ³⁾	-
Orc Software AB	0.6 ⁴⁾	-	-	-
Joint ventures				
Net Circle	-	-	-	-

¹⁾ Of which, loans SEK 43.7 m and accounts receivable SEK 9.2 m.

²⁾ Leasing.

³⁾ Net receivables related to the dividend in connection with a reduction in capital.

⁴⁾ Relates to outstanding currency futures equivalent to USD 5 m.

Sales and purchases from related parties occur at market price.

NOTE 8. ITEMS AFFECTING COMPARABILITY

Group income has been affected by transactions and events that make comparisons difficult over time. To facilitate comparisons these expenses have been separately disclosed in the income statement.

On June 20, 2003, OM announced a cost-efficiency program that is expected to lower the Group's annual expenses by SEK 578 m and at the same time reduce revenue on an annual basis by SEK 105 m. The cost-efficiency program was completed according to plan and produced effects during the third and fourth quarters 2003. Full effect is expected toward the end of the first quarter 2004. Other costs include redundancy costs, reserves for unused office space and termination of contracts with sub-contractors. Total costs are given in gross terms and do not include positive effects of divestments of operations or tax receivables. The negative cash flow effect is expected to be about SEK 200 m, excluding any positive effects from planned divestments and expenditures for unused premises. Expenses for the cost reduction program for 2003 included restructuring costs of SEK 624 m to implement the program, as well as provisions of SEK 38 m for premises and write-downs related to product phase-out within OM Technology.

The formation of EDX London resulted in a capital gain of SEK 100 m. The capital gain was recognized as income when the derivatives business of the OM London Exchange was sold to EDX London.

ITEMS AFFECTING COMPARABILITY, GROUP

SEK m	2003	2002
Expenses for cost-efficiency program	662	57
Of which, write-downs	202	-
Closing/restructuring of Jiway	0	75
Of which, write-downs	-	5
Capital gain from the creation of EDX London	-100	0
GROUP TOTAL	562	132

For additional information on EDX London, see page 33.

NOTE 9. FINANCIAL ITEMS

INCOME FROM OTHER SECURITIES AND RECEIVABLES THAT ARE FIXED ASSETS

SEK m	Group		Parent Company	
	2003	2002	2003	2002
Income from share in earnings of Group companies				
Dividends	-	-	42	-
Anticipated dividend	-	-	-	100
Capital gains/losses from disposals	-	0	-	-
Recalculation of dependent subsidiaries	1	4	-	-
Total	1	4	42	100

Income from share in earnings of associated companies

Dividends	21	1	21	-
Total	21	1	21	0

Income from other securities and receivables that are fixed assets

Dividends	0	21	-	1
Other	-1	-	-	-
Total	-1	21	0	1

TOTAL **21** **26** **63** **101**

Other interest income and similar income

Interest	84	86	4	5
Exchange rate differences	-	-	1	5
Capital gains	0	3	-	-
Total	84	89	5	10

Interest expenses and similar expenses

Interest	-126	-135	-21	-26
Interest - Group	-	-	-	-41
Exchange rate differences	-3	-12	-33	-
Other	1	0	-	-
Total	-128	-147	-54	-67

TOTAL FINANCIAL ITEMS **-23** **-32** **14** **44**

NOTE 10. ASSOCIATED COMPANIES AND JOINT VENTURES

SHARE IN EARNINGS OF ASSOCIATED COMPANIES

SEK m	Group			
	Registered office	Corporate reg.no.	2003	2002
EDX London Ltd	London England	4567917	-4	-
ENITA AS	Trondheim Norway		0	0
Nordic Exchanges A/S	Copenhagen Denmark	A/S243773	0	0
Näringslivskredit NLK AB	Stockholm	556270-1432	7	10
Orc Software AB	Stockholm	556313-4583	18	28
TOTAL			21	38

EQUITY SHARES IN ASSOCIATED COMPANIES

	Votes and equity shares, %	Number of shares	Group		Market value in SEK m
			2003	2002	Dec 31, 2003
EDX London Ltd	24	48 000 000	-16	-	-
ENITA AS	34	3 100	22	26	-
Nordic Exchanges A/S	32	1 600	0	2	-
Näringslivskredit NLK AB	48 ¹⁾	1 600 374	160	153	-
Orc Software AB	30	4 488 075	85	81	379
TOTAL			251	262	379

¹⁾ Equity portion amounts to 90 percent.

None of the companies above are owned by the Parent Company.

EDX LONDON

On June 30, trading began on EDX London, a new equity derivatives exchange owned by London Stock Exchange (76 percent) and OMHEX (24 percent). EDX London was formed through EDX London paying OMHEX a consideration of approximately SEK 340 m for the Scandinavian equity derivatives business of OM London Exchange. OMHEX and London Stock Exchange capitalized the new company in proportion to their respective percentage of ownership. The reported value of OMHEX's share of EDX London is equivalent to the company's share of shareholders' equity at December 31, 2003 less the company's internal profit of SEK 31 m, which occurred with the divestment of OM London Exchange's derivative trading to the newly formed company.

JOINT VENTURES

	Registered office	Corporate ID number	Votes and equity shares, %
Net Circle	Stockholm	556606-5420	50

EDX LONDON

Income statement, SEK m		Balance sheet, SEK m	
Revenue	0	Fixed assets	0
Expenses	-1	Current assets	1
Operating loss	-1	Total assets	1
Net financial items	0	Shareholders' equity	1
Tax	0	Long-term liabilities	0
		Short-term liabilities	0
Net loss for the year	-1	Total shareholders' equity and liabilities	1

The summarized balance sheet and income statement above show the total amounts that pertain to OMHEX's participation in joint ventures. For information on the average number of employees and personnel costs, see Note 6.

NOTE 11. TAXES

Both current and deferred income tax are reported for Swedish and foreign Group entities under Taxes in the income statement. Companies in the Group are liable to pay tax in accordance with relevant taxation legislation in the respective countries. The Swedish State corporate tax rate for the Parent Company (in Sweden) was 28 percent and was calculated on nominal reported income adding non-deductible items and deducting non-taxable revenue.

DISTRIBUTION OF INCOME BEFORE TAX

SEK m	Group		Parent Company	
	2003	2002	2003	2002
Sweden	-379	77	-143	-3
Other countries	-114	-171	-	-
Share in earnings of associated companies	21	38	-	-
TOTAL	-472	-56	-143	-3

DISTRIBUTION OF TAX FOR THE YEAR

SEK m	Group		Parent Company	
	2003	2002	2003	2002
Current tax				
Sweden	-12	-94	-2	42
Other countries	-69	-1	-	-
Total current tax	-81	-95	-2	42
Deferred tax				
Sweden	125	12	52	-
Other countries	-3	68	-	-
Total deferred tax	122	80	52	0
TOTAL TAX	41	-15	50	42
Tax rate	9%	-27%	35%	-1400%

The Group and the Parent Company report tax revenue for 2003 (positive tax rate), since a loss was reported for the fiscal year. As shown in the table below, "Reconciliation of effective tax," the difference between the nominal Swedish rate of 28 percent and the Group and the Parent Company's positive tax rate is attributable primarily to the fact that set-offs cannot be made against taxable earnings between countries in which OMHEX has operations. It is also due to the fact that the Group could not to utilize losses fully in certain countries, in part due to increased goodwill amortization, which is non-deductible, that arose from the acquisition of HEX. The Parent Company's tax revenue was attributable to the fact that the year's loss is greater than the above-stated results after financial items due to tax-free revenue and non-deductible expenses. The large percentage changes are explained by the fact that income before tax is approximately zero and that the tax rate changed from negative to positive or from positive to negative because of the items that impact the effective tax.

RECONCILIATION OF EFFECTIVE TAX, %

	Company		Parent Company	
	2003	2002	2003	2002
Swedish income tax rate	28	28	28	28
Difference between different countries' tax rates	3	-100	-	-
Depreciation of prior capitalized losses	-4	-	-	-
Deficit for which deductible deficiency is not observed	-20	-176	-	-
Net permanent differences	10	306	7	1372
Amortization of goodwill	-10	-65	-	-
Other net	2	-20	-	-
EFFECTIVE TAX RATE	9	-27	35	1 400

ACCUMULATED TAX-DEDUCTIBLE LOSS CARRYFORWARDS CORRESPONDING TO TAX RECEIVABLES

SEK m	Group		Parent Company	
	2003	2002	2003	2002
Sweden	861	452	180	-
Other countries	1 050	870		
Total tax-deductible loss carryforwards	1 911	1 322	180	-
Sweden	861	452	180	
Other countries	596	392		
Total tax-deductible loss carryforwards that correspond to tax receivables	1 457	844	180	-

Of the company's total tax loss carried forward, which is approximately SEK 1 911 m, only SEK 1 475 m is considered in the calculation of deferred tax. The tax loss carried forward that is considered in the calculation of deferred tax is reported to the extent that it is probable that it will be used against future taxable surplus.

Losses in Swedish companies can be utilized at any time, with no time restrictions. For foreign subsidiaries, the utilization of losses is, in some cases, time-restricted. Certain foreign losses must be utilized within ten years.

UTILIZATION OF YEAR-END LOSSES

SEK m	Group		Parent Company	
Latest utilization year	2003	2002	2003	2002
2003	-	-		-
2004	-	-		-
2005	-	-		-
2006	-	-		-
2007	-	-		-
2008-	157	157		-
Unlimited	1 754	1 165	180	-
TOTAL	1 911	1 322	180	-

DISTRIBUTION OF DEFERRED TAX RECEIVABLES AND TAX LIABILITIES

SEK m	Group		Parent Company	
	2003	2002	2003	2002
Deferred tax receivables				
Deficit allowances	293	244	51	-
Provisions for restructuring measures	98	3		
Depreciation of fixed assets	29			
Other	-9	6		-
Total deferred tax receivables	411	253	51	0
Deferred tax liabilities				
Untaxed reserves		-51		-
Total deferred tax liabilities	0	-51	0	0
DEFERRED TAX RECEIVABLES, NET	411	202	51	0

UNTAXED RESERVES AND APPROPRIATIONS

Stockholmsbörsen and OM London Exchange obtained credit insurance related to clearing participants' default on obligations. The insurance is intended to hedge losses arising within the clearing operations, which are normally only hedged by the respective company's shareholders' equity. The insurance policy has been taken out by OMHEX's wholly owned subsidiary OM Capital Insurance AG in Switzerland, which to some extent has taken out a reinsurance policy at Radian Asset Assurance in the US. With reference to the change in capital structure at Stockholmsbörsen the preceding year's untaxed reserves were reversed to taxation. A large portion has been transferred to unrestricted reserves. The portion of the unrestricted reserves that is required to hedge OM Capital Insurance AG's risks is therefore reported as restricted reserves in the Group's consolidated accounts.

ONGOING TAX DISPUTES

In the 2002 financial statements, SEK 18 m was allocated as provisions for two ongoing tax disputes. The county administrative court has ruled on one of the cases, resulting in some success for the company. A SEK 3 m reserve for expenses was required to cover expenses arising from the ruling.

The associated company NLK has an ongoing tax dispute at the administrative court of appeal, and the Swedish Tax Authority has questioned Stockholmsbörsen's handling of VAT related to the purchase of internal services. No provisions have been made for these disputes or deliberations.

Other ongoing current disputes, either individually or collectively, are not considered to pose any material threat to the Group's business operations, its financial position or its earnings.

NOTE 12. OPERATIONAL LEASING

GROUP

OMHEX has no financial leasing obligations. The company's operational leasing obligations are as follows.

LEASING FEES FOR THE PERIOD

SEK m	2003	2002
Equipment ¹⁾	70	47
Computer operation	13	14
Premises	166	196
TOTAL	249	257

CONTRACTED LEASING FEES

SEK m	2004	2005	2006	2007	2008	2009-14
Equipment ¹⁾	78	30	9	4	4	15
Computer operation	14	13	7	0	0	0
Premises	187	146	129	118	70	352
TOTAL	279	189	145	122	74	367

¹⁾ Of which, SEK 67 m in 2003, SEK 22 m contracted for 2004 and SEK 5 m for 2005 relate to leasing of equipment from associated company Näringslivskredit, NLK AB.

At year-end, the total amount of future minimum leasing fees pertaining to non-terminable contracts for subcontracted items totaled SEK 7 m (0).

CONTRACTS ENTERED INTO IN 2003

During 2003 a number of new contracts were entered into.

ANNUALLY CONTRACTED MINIMUM LEASING FEES FOR CONTRACTS ENTERED INTO DURING 2003

SEK m	2003	2004	From 2005
Premises ¹⁾	46	85	479
Computer operation	1	2	4
Other	2	5	8
TOTAL	49	92	491

¹⁾ Mainly relates to OMHEX's new premises at Frihamnen

In addition to minimal leasing fees, index-linked variable fees and property tax are included.

PARENT COMPANY

The Parent Company has no financial leasing commitments. Set out below are the operational leasing commitments of the Parent Company.

LEASING FEES FOR THE PERIOD

SEK m	2003	2002
Premises ¹⁾	77	82

CONTRACTED LEASING FEES

SEK m	2004	2005	2006	2007	2008	2009-14
Premises ¹⁾	101	112	94	86	40	200
Of which, subletting to group companies	34	67	67	67	34	168

¹⁾ With effect from 2004, figures include a contract for SEK 519 m relating to OMHEX's new premises in Frihamnen, Stockholm. The premises house all Swedish operations. Figures for premises-leasing contracts in 2003 comprise only a portion of the total premises-leasing contracts for Swedish operations.

NOTE 13. GOODWILL, INTANGIBLE ASSETS AND EQUIPMENT

GOODWILL, INTANGIBLE ASSETS AND EQUIPMENT, GROUP

SEK m	Goodwill	Capitalized expenditure for research and development	Other intangible assets	Equipment
Acquisition value brought forward	1 339	637	67	983
Assets acquired through acquisitions	17	100	0	44
Assets acquired during year	1 764	170	7	84
Reclassifications	0	-27	0	27
Disposals	0	-77	0	0
Exchange-rate differences	-28	-3	0	-3
Acquisition value carried forward	3 092	800	74	1 135
Depreciation/amortization brought forward	436	276	34	508
Depreciation/amortization for the year	170	59	14	132
Exchange-rate differences	12	1	0	0
Depreciation/amortization carried forward	618	336	48	640
Write-downs brought forward	-	50	-	-
Write-downs for the year	64	115	5	18
Write-downs carried forward	64	165	5	18
BOOK VALUE	2 410	299	21	477

GOODWILL, INTANGIBLE ASSETS AND EQUIPMENT, PARENT COMPANY

SEK m	Other intangible assets	Equipment
Acquisition value brought forward	4	-
Assets acquired through acquisitions	0	-
Assets acquired during year	7	47
Reclassifications	0	-
Disposals	0	-
Acquisition value carried forward	11	47
Amortization brought forward	2	-
Amortization for the year	2	-
Amortization carried forward	4	-
Write-downs brought forward	-	-
Write-downs for the year	-	-
Write-downs carried forward	-	-
BOOK VALUE	7	47

Changes in goodwill compared with the preceding year are mainly related to the acquisition of HEX. The acquisition price including earlier holdings (SEK 72 m) totaled SEK 2 135 m. Acquired share-

holders' equity totaled SEK 512 m. Provisions made for restructuring costs were SEK 199 m, of which SEK 141 m was adjusted for tax. Goodwill from the acquisition totaled SEK 1 764 m. Consolidation was carried out on July 1, 2003.

OTHER INTANGIBLE ASSETS

SEK m	Group		Parent company	
	2003	2002	2003	2002
Licenses	14	19	1	2
Other	7	14	6	-
TOTAL	21	33	7	2

CAPITALIZED EXPENDITURES FOR RESEARCH AND DEVELOPMENT

This item relates to OMHEX's systems solutions. The major components are the new development of EXIGO CSD™ (a new system for settlement and other CSD financial services), CLICK XT™ (next generation of CLICK™), STP (systems solution for banks and brokerage firms) and CONDICO™ (systems platform for energy trading).

Until 2001 all development costs were expensed as incurred. Thereafter, the main principle has been to capitalize development costs that fulfill the requirements described in Note 1. This means that technology and systems platforms such as SAXESS™, CLICK™ and SECUR™ etc. are not reported in the balance sheet.

AMORTIZATION

Intangible assets, utilization period		
SEK m	Acquisition value	Book value
Development in progress	26	26
3 years	65	24
5 years	1 027	216
10 years	234	155
20 years	2 616	2 309
TOTAL	3 968	2 730

The utilization period for intangible assets at the Parent Company is five years.

Amortization of assets under development is estimated to begin in 2004. Assets with a utilization period greater than five years comprise mainly goodwill. Amortization is reviewed continuously.

Assets of SEK 143 m with a utilization period of ten years consist of the product EXIGO CSD, which is a central system in OMHEX's systems platform. The expected period of utilization is up to ten years. Goodwill relating to Technology UK and Technology US of SEK 42 m has been written down in the cost-efficiency program. The remaining goodwill of up to SEK 15 m relates to OMHEX's expected utilization period, which is calculated with a discount factor of 15 percent. According to the current plan, goodwill will be completely amortized during 2005.

The utilization period of 20 years encompasses goodwill from the acquisition of the Stockholm Stock Exchange of SEK 590 m and from the acquisition of HEX of SEK 1 706 m. The expected utilization period is up to 20 years against the background of the company's long history, with a stable and strong cash flow. The acquisition is of great strategic importance for OMHEX, having created a larger market and increased liquidity. Cost efficiency and thereby competitiveness is increased through the integration

of the technical infrastructure. OMHEX's technology operations benefit from the larger home market that has been created.

EQUIPMENT

The period of utilization for equipment, including activated expenses for reconstruction, is up to 5 years.

WRITE-DOWNS

The cost-efficiency program presented in June comprises extensive restructuring, primarily of the Energy Markets business area. The remaining parts of this business area became part of the Financial Markets business area following the restructuring.

The measures also included the divestment and phase-out of products and offices. In total, these write-downs were SEK 202 m. Write-downs related to products were SEK 120 m. As a result of write-downs, goodwill has also been written-down in the respective units at a sum of SEK 63 m equivalent to lost cash flows. In addition, premises have been also been written down on the grounds of underutilization following the employee redundancies.

NOTE 14. SHARES IN GROUP COMPANIES

SHARES IN GROUP COMPANIES, PARENT COMPANY

SEK m	2003	2002
Acquisition value brought forward	2 669	2 594
Acquisitions during the year ¹⁾	2 141	56
New issues	250	-
Shareholders' contribution	-	19
Disposals	-52	-
Acquisition value carried forward	5 008	2 669

¹⁾ Including reclassifications of SEK 72 m, see Note 15.

SHARES IN GROUP COMPANIES, PARENT COMPANY

	Regist. office	Corp. reg. number	Votes and equity shares, %	Book value
Bond Connect Europe	London England	-	50	3
OM Råntebörsen AB	Stockholm	556352-5574	100	47
Stockholmsbörsen AB	Stockholm	556383-9058	100	1 345
OM Broker Services AB	Stockholm	556405-0127	100	56
OM Technology AB	Stockholm	556314-8138	100	200
OM Transaction Development AB	Stockholm	556547-6834	100	0
OM Treasury AB	Stockholm	556211-6854	100	770
HEX Integrated Markets Ltd	Helsinki Finland	-	100	2 135
Natural Gas Exchange Inc.	Calgary Canada	-	100	117
Risk Management Stockholm AB	Stockholm	556355-0036	100	3
Stockholms Fondbörs AB	Stockholm	556420-8394	100	306
XACT Fonder AB	Stockholm	556582-4504	100	6
Nordex Securities Trading AB	Stockholm	556525-6830	100	20
TOTAL				5 008

ACQUISITIONS, 2003

	Operations	Acquisition value	Date of acquisition
HEX Integrated Markets Plc	Exchange & clearing	2 135	July 2003
XACT Fonder AB ¹⁾	Fund management	6	Sept 2003
TOTAL		2 141	

¹⁾ XACT Fonder AB was previously owned by the wholly owned subsidiary Nordex Securities Trading AB.

NEW ISSUES 2003

	Operations	New issue amount	Date of new issue
Stockholmsbörsen AB	Exchange	250	June 2003
TOTAL		250	

See page 41 in the Board of Directors' report.

DISPOSALS 2003

	Operations	Market value SEK m	Date of disposal
OM Treasury AG	Treasury	52	June 2003
TOTAL		52	

Shares in OM Treasury AG have been transferred to the wholly owned subsidiary OM Treasury AB.

NOTE 15. OTHER LONG-TERM SECURITIES HOLDINGS

OTHER LONG-TERM SECURITIES HOLDINGS, GROUP

SEK m	2003	2002
Acquisition value brought forward	93	77
Acquisitions during the year	15	17
Reclassification	-73	-1
Acquisition value carried forward	35	93

The year's reclassification refers to the acquisition of HEX Integrated Markets Ltd. From July 1, 2003, the company is a wholly owned subsidiary of OM HEX AB, see Note 14.

OTHER LONG-TERM SECURITIES HOLDINGS, PARENT COMPANY

	Votes and equity shares, %	Number of shares	Book value SEK m
			2003 2002
NOS AS	12	1 749 700	4 4
TOTAL			4 4

OTHER LONG-TERM SECURITIES HOLDINGS, SUBSIDIARIES

	Votes and equity shares, %	Number of shares	Book value SEK m
			2003 2002
HEX Integrated Markets Ltd	-	-	- 72
Adirondack LLC	1	3	26 17
Ostfold Innovasjon AS	2	1	0 0
Cinnober Financial AB	1	96 128	4 -
Other			1 -
TOTAL			31 89
TOTAL GROUP			35 93

NOTE 16. OTHER LONG-TERM RECEIVABLES

OTHER LONG-TERM RECEIVABLES, GROUP

SEK m	2003		2002	
	Book value	Actual value	Book value	Actual value
Collateral, employee stock option program	0	0	14	14
Other deposits	60	60	70	70
Long-term project receivables	114	114	131	131
Other	53	53	28	28
TOTAL	227	227	243	243

OTHER LONG-TERM RECEIVABLES, PARENT COMPANY

SEK m	2003		2002	
	Book value	Actual value	Book value	Actual value
Collateral, employee stock option program	-	-	14	14
Other deposits	-	-	-	-
Long-term project receivables	-	-	-	-
Other	-	-	-	-
TOTAL	-	-	14	14

NOTE 17. PREPAID EXPENSES AND ACCRUED INCOME

PREPAID EXPENSES AND ACCRUED INCOME

SEK m	Group		Parent Company	
	2003	2002	2003	2002
Premises, leasing expenses	26	96	15	21
System sales, Facility Management ¹⁾	371	229	-	-
Information sales	33	18	-	-
Transaction revenue	45	23	-	-
Insurance	18	4	9	1
Other	197	134	8	13
TOTAL	690	504	32	35

¹⁾ The item includes project revenue reported in accordance with the principle of ongoing income recognition.

NOTE 18. SHORT-TERM INVESTMENTS

SHORT-TERM INVESTMENTS

SEK m	Group		Parent Company	
	2003	2002	2003	2002
Government securities	726	993	-	-
Bank and financial institutions	286	-	-	-
TOTAL	1 012	993	-	-

The actual values of the above items correspond to the book values.

NOTE 19. SHAREHOLDERS' EQUITY

Shareholders' equity is divided into non-distributable (restricted) and distributable (unrestricted) earnings. In a group of companies, shareholders can only receive a dividend that is the lowest of the Parent Company or Group's distributable earnings.

Share capital and the share premium reserve/statutory reserve comprises restricted shareholders' equity. In the Group's unrestricted equity includes only that portion of the subsidiaries' unrestricted shareholders' equity that can be distributed to the Parent Company without necessitating a write-down of shares in the subsidiary.

In the consolidated balance sheet, the shareholders' equity portion of untaxed reserves is reported as restricted shareholders' equity. Income that is not paid out as a dividend in associated companies is recorded in the Group's shareholders' equity among restricted reserves.

During the year, a new share issue was carried out in connection with the acquisition of HEX, whereby the number of shares increased by 31 505 897 to 115 547 015 (84 041 118) shares with a nominal value of SEK 2. Group shareholders' equity amounted to SEK 31 (24) per share.

RESTRICTED RESERVES, GROUP

SEK m	2003	2002
Share premium reserve	2 975	1 084
Shareholders' equity portion of untaxed reserves	0	51
Translation differences	51	50
Other restricted reserves	628	448
TOTAL	3 654	1 633

In order to limit dilution, to secure the provision of shares when exercise of shares is requested and, in the event of a price increase, to limit the outflow of liquidity due to social security contributions, a contract was entered into with a third party for the provision of OMHEX shares. The contract, which is effective through June 30, 2007, corresponds to 1.4 million shares at an agreed price of SEK 62 per share. These measures, which have resulted in a reduction in shareholders' equity, correspond to the difference between the agreed share price and the share price as at December 31, 2003. Since the rate at December 31, 2003 exceeded the agreed rate, the undertaking has not been reported in the balance sheet. Accordingly, compared with the preceding year, shareholders' equity was affected positively in an amount of SEK 29 m (negative: 29).

The application of the equity method of accounting for associated companies means that the value of shareholders' equity in the Group is reported at SEK 72 m (65) higher than if the acquisition value method had been used.

At the beginning of the fiscal year, accumulated loss in translation differences posted directly against shareholders' equity amounted to SEK 80 m. At year-end, the accumulated losses in translation differences were SEK 29 m.

NOTE 20. UNTAXED RESERVES

TAX ALLOCATION RESERVE

From the 1994 financial year, it became possible to balance profit/loss between different years through tax allocation reserves. Until 1996, provisions to the tax allocation reserves were allowed to a maximum of 25 percent of taxable income, from 1997-2000

up to a maximum of 20 percent of taxable income, and from 2001 again up to a maximum of 25 percent of taxable income. The respective years' provisions will be reversed to taxation after six years. The Parent Company's tax allocation reserves are SEK 0 m (0).

NOTE 21. RESTRUCTURING RESERVE

RESTRUCTURING RESERVE

SEK m	Group		Parent Company	
	2003	2002	2003	2002
Opening balance	71	149	-	-
Provisions made during the period	662	132	33	-
Utilized reserves	-484	-210	-21	-
TOTAL	249	71	12	-

Remaining reserves from 2002 total SEK 0 m, which relates to the cost-efficiency program initiated in 2002. During 2003, further provisions of SEK 662 m were made. All remaining reserves will be utilized during 2004. For additional information see page 32-33.

NOTE 22. OTHER PROVISIONS

OTHER PROVISIONS

SEK m	Group		Parent Company	
	2003	2002	2003	2002
Opening balance	29	326	29	326
Provisions during the period	199	-	-	-
Utilized reserves	-51	-297	-29	-297
TOTAL	177	29	0	29

The opening balance is fully attributable to hedging of the employee stock option program and was reversed in its entirety during the year, see Note 19. During 2003, a reserve of up to SEK 199 m was allocated for the integration of OM and HEX. SEK 22 m of the integration reserve was utilized during the year. In total, SEK 51 m of the reserves was utilized. All remaining reserves will be utilized during 2004. The reserves mainly relate to costs for the phase-out of systems and release of personnel. For additional information regarding the integration see page 32.

NOTE 23. OTHER LONG-TERM LIABILITIES

DIVISION OF OTHER LONG-TERM LIABILITIES

SEK m	Group		Parent Company	
	2003	2002	2003	2002
Bond loan	400	200	400	200
Other	1	3	0	-
TOTAL	401	203	400	200

In December 2003, OMHEX issued a commercial paper program with an extendable multi-currency revolving credit facility of SEK 1 500 m. At the same time, a revolving credit facility of SEK 2 100 m was signed. At the end of the year interest-bearing financial liabilities totaled SEK 2 059 (2 058) m, of which SEK 400 (256) m are long-term.

NOTE 24. FINANCIAL INSTRUMENTS AND RISKS

OMHEX is exposed to various types of financial risks through its operations. The management of these risks and transactions is centralized within OMHEX's internal bank, OMHEX Treasury.

By centralizing its finance operations, OMHEX achieves considerable economies of scale and lowers financing costs, in addition to gaining better control and management of the Group's financial risks. A finance policy adopted by the Board of Directors forms the regulatory framework for financial risk management and financing operations as a whole. OMHEX Treasury's goal is to manage the Group's financial risk exposure and to maximize net finances within given risk limits.

CURRENCY RISKS

A considerable proportion of OMHEX's sales is derived from operations outside Sweden. As a result, exchange rate fluctuations have an impact on the Group's income statement and balance sheet. Currency risks arise in sale and purchase transactions in foreign currency (transaction exposure) and when translating the income statements and balance sheets of subsidiaries into SEK (translation risks).

TRANSACTION EXPOSURE

OMHEX's policy is to fully hedge 12 months' estimated currency flows (including contracted flows) with forward contracts, 75 percent of contracted flows between one to two years and 50 percent of contracted flows two years and beyond. Deviations from the hedging level prescribed by this policy may take place within given limitations. Exchange-rate hedging is carried out in the market through FX futures contracts, option contracts or short-term loans using forward constructions. The income effect of the currency hedging for 2003 was SEK 29 m.

CURRENCY HEDGING

Currency	Secured in the resp. base currency	Nominal value at year-end exchange rate, SEK m	Nominal value at forward rate SEK m	Unrealized forward gain/loss SEK m	Average forward rate SEK m
USD/SEK	-33	-237	-265	28	8.11
NOK/SEK	-286	-309	-315	6	1.10
GBP/SEK	-4	-48	-50	2	13.53
AUD/SEK	-5	-26	-24	-2	5.08
SGD/SEK	-13	-56	-57	1	4.31
Other		7	8	-1	
TOTAL		-669	-703	34	

The average duration of a forward contract for all currencies is less than 12 months.

NET FLOW EXPOSURE

Currency	Net flow SEK m	Net exposure ¹⁾ SEK m	Sensitivity ²⁾ SEK m
USD/SEK	325	88	4
NOK/SEK	462	152	7
GBP/SEK	120	72	4
AUD/SEK	43	18	1
SGD/SEK	67	12	1
Other	0	6	0
TOTAL	1 017	348	17

¹⁾ After currency hedge.

²⁾ In the case of a change in currency rate of +5 percent.

The nominal value of currency hedging at December 31 was SEK 703 m. The actual value of currency hedging was SEK 34 m at December 31, see table below.

TRANSLATION EXPOSURE

Translation exposure arises in connection with revaluations of OMHEX's foreign subsidiaries' balance sheets and income statements as well as in the translation of company goodwill related to foreign subsidiaries into Swedish kronor. Changes in exchange rates can impact the Group's balance sheet and income statement where valuation of the dependent subsidiary is posted against the income statement and revaluation of the independent subsidiary is posted against shareholders' equity. At December 31, translation exposure for dependent subsidiaries amounted to SEK 585 and for independent subsidiaries SEK 757 m. A change in the foreign subsidiary's currency compared with SEK by 5 percent would mean +/- SEK 9 m. Goodwill related to the merger between OM and HEX totaled SEK 1 706 m at December 31, 2003. A change in the SEK/EUR ratio of +/- 5 percent would mean a +/- SEK 85 m change in shareholders' equity. None of the translation exposures are exchange-rate hedged at the moment.

INTEREST-RATE RISKS

Interest-rate risks refer to the risk of the negative impact on Group income arising from changes in market interest rates. Both the company's interest-bearing assets, which mainly consist of collateral for counterparty risk within the exchange and clearing operations, and interest-bearing liabilities are exposed to interest-rate risks. The speed at which an enduring interest-rate change can impact on the company's net interest income depends on the duration of the company's investment and borrowing.

According to OMHEX's finance policy, the average duration of a fixed-interest term for collateral for exchange and clearing operations is a maximum of four years. Excess liquidity as a rule is placed with the short fixed-interest term. The duration for collateral for exchange and clearing operations was 1.9 years at December 31 and a change of 1 percent in Swedish bond interest rates gives rise to a one-time effect on the portfolio value of SEK 12 m. At the end of the year the company's financial assets totaled SEK 1 446 m, of which SEK 84 m comprised financial fixed assets. For financial fixed income the reported value is equivalent to actual value.

The duration of liabilities is normally short but can be extended to limit the negative impact of an interest-rate increase. According to the financial policy, interest-rate swaps and standardized interest-rate forward contracts are used to change the fixed-interest term and in that way manage interest rate risk. During the year the average fixed-interest term varied between three and ten months. At December 31, the fixed-interest term for borrowing was six months. The effective interest rate at December 31 was 3.2 percent for short-term liabilities and 5.2 percent for long-term liabilities. The corresponding effective interest rate for assets was 3.2 percent for collateral capital for exchange and clearing operations, 3.4 percent for long-term investments and 1.9 percent for short-term investments.

FIXED-INTEREST STRUCTURE OF GROUP INTEREST-BEARING ASSETS AND LIABILITIES (realized value if not specified otherwise)

SEK m	Within 12 mon.		Within 2-5 y.		After 5 years	
	Float. inter.	Fixed inter.	Float. inter.	Fixed inter.	Float. inter.	Fixed inter.
Financial assets						
Long-term investments	-	-	84	-	-	-
Short-term investments	282	-	-	-	-	-
Collateral capital	457	-	-	202	-	68
Financial liabilities						
Commercial paper	1 389	-	-	-	-	-
Bond loan	-	-	-	400	-	-
Liabilities to credit institutions	200	-	-	-	-	-
Convertible loan	55	-	-	-	-	-
Off-balance-sheet items						
Interest-rate swaps (nominal value)	350	-	-	350	-	-
GROUP TOTAL	2 733	-	84	952	-	68

The above table does not include cash, bank balances, accounts receivable or accounts payable – trade. Interest-rate swaps of SEK 200 m are the hedge for the bond that matures in December 2008 and are therefore reported applying the hedge accounting method. The remaining SEK 150 m is therefore not reported applying the hedge accounting method.

In the event of an immediate parallel shift of the Swedish yield curve upward by 1 percent, the company's earnings would be negatively affected by SEK 13 m on an annual basis, given the nominal amount and fixed-interest agreements that were in place at December 31, 2003.

FINANCING RISKS

Financing risks relate to the risk of higher expenses and limited financing opportunities when renewing loans, and to the risk that insufficient liquidity or difficulties in obtaining financing will lead to failure in fulfilling payment obligations. The finance policy states that in order to guarantee good current liquidity, the company must have adequate unutilized credit facilities. The refinancing risk is also managed by aiming to find an appropriate balance between short- and long-term financing, as well as diversifying among different financing forms and markets.

During the fourth quarter, OMHEX issued a commercial paper program in the Swedish market, which received a K-1 rating according to Standard and Poor's Nordic scale. The commercial paper program is for short-term borrowing and has an extendable multi-currency revolving credit facility of SEK 1 500 m. At December 31, SEK 1 400 m had been utilized. At the same time, a revolving credit facility of SEK 2 100 m was signed with a syndicate of Nordic banks, comprising a SEK 600 m five-year revolving credit tranche and a SEK 1 500 m 364-day extendable multi-currency revolving credit facility at accepted loan terms. At the end of the year SEK 200 m had been utilized. OMHEX also issued private-placement bonds of SEK 400 m, of which SEK 200 m mature in June 2005 and SEK 200 m in December 2008.

At the end of the year, interest-bearing financial liabilities totaled SEK 2 059 m (2 058), of which SEK 400 m (256) is long-term. Total available credit amounted to SEK 2 654 (3 700), of which SEK 2 054 m (2 049) had been utilized. In addition, HEX has available intraday credit facilities of SEK 620 m. Interest-bearing financial assets totaled SEK 1 446 m (1 389) of which SEK 84 (109) comprised financial fixed-income assets.

GROUP INTEREST-BEARING FINANCING AT DECEMBER 31, 2003

SEK m	2003		P2002	
	Book value	Actual value	Book value	Actual value
Commercial paper	1 389	1 389	-	-
Bond loan	400	407	200	209
Bank loan	215	215	1 802	1 802
Convertible loan	55	55	56	56
Interest-rate swaps	-8	-8	-	-
TOTAL	2 051	2 058	2 058	2 067

The calculation of actual value is based on market competitive quotations and generally accepted valuation methods.

The company's clearing operations must secure a high payment capacity and has its own credit framework for that reason. At December 31, this totaled SEK 775 m of which SEK (0) m had been utilized. The company's borrowings totaled SEK 2 059 m at year-end.

SECURING THE EMPLOYEE STOCK OPTION PROGRAM

In order to limit dilution, to ensure that shares can be made available if and when exercise is requested and to minimize the liquidity effect of social security expenses in the event of a share price increase, an agreement was made earlier with a third party who will provide OMHEX shares on request. The contract, which runs until June 30, 2007, is equivalent to 1.4 m shares at an agreed price of SEK 62 per share. Of the total commitment of SEK 87 m, SEK 0 m is charged against shareholders' equity in the balance sheet as provisions and reduction of shareholders' equity since the share price exceeded the agreed share price on December 31, 2002. OMHEX pays interest to its counterparties on a continual basis for undertaking to provide shares. The buy-back contract covers part of the outstanding options that are currently expected to be exercised. In the event that it is decided at a later date that more options than the number of shares covered by the third party are to be exercised, a decision will be made regarding how delivery of additional shares will be made.

Interest related to an agreement regarding the synthetic buy-back of shares corresponds to the net of the interest expense on the underlying share value at the time of signing as well as the dividend on the underlying shares (1.4 million shares).

CREDIT AND COUNTERPARTY RISK

The Group's financial transactions give rise to credit risks in relation to financial counterparties. Credit or counterparty risk is the risk of loss in the event that a counterparty does not fulfill its obligations. Investing liquid assets involves a credit risk. To limit risk exposure, OMHEX's policy only allows investments in securities with high credit ratings and high liquidity.

The main portion of the Group's outstanding investments at year-end was in Swedish government securities. The Group does not have any significant concentration of credit risk exposure toward any other individual counterparty.

The derivative instruments that OMHEX uses involve a counterparty risk, that is, the risk that the counterparty will not fulfill the obligations inherent in a futures or option contract. To mitigate counterparty risk, only counterparties with a high credit rating in accordance with an established financial policy are accepted. OMHEX also uses what is known as an ISDA agreement to minimize the counterparty risk.

None of OMHEX's customers corresponds to more than 20 percent of invoicing at December 31, 2003.

COMMERCIAL RISKS

OMHEX's work relating to operational risks aims to protect Group assets and create the prerequisites for achieving established commercial objectives. The objective is to minimize operational risks and disruptions and maintain an adequate level of protection founded on the needs of internal and external players such as OM's owners, customers, authorities and other interested parties.

OMHEX has a management system for security and operational risks consisting of an independent security organization, framework and reporting structure. The Group Security unit manages and coordinates this work, as well as the Group's crisis management. The Head of Group Security reports periodically to OMHEX's Security Management Committee on the Group's consolidated risks.

Operational risk management, as well as continuity planning and incident management, is carried out within each business area and company in its role as risk owner. The risk-management process consists of four sub-processes: risk analysis, risk prevention measures, damage-limitation measures and risk-financing measures.

HEX Integrated Markets

The HEX Integrated Markets division provides services for trading, derivatives clearing, listing, registration, training and distribution of market information. These services are exposed to traditional operational risks and the special form of risk that relates to the provision of clearing services.

Stockholmsbörsen, OM London Exchange and Helsinki Securities & Derivatives Exchange Clearing House Ltd. enter as a counterparty into transactions that are subject to counterparty clearing in the respective markets and are thereby subject to unique risks related to clearing of derivatives. By providing this service, fulfillment of all contracts that are subject to clearing is guaranteed.

Risks that are associated in particular with the clearing of derivatives include counterparty risk, market risk, settlement risk and concentration risk, as well as operational risk.

These specific clearing-related risks are managed within the Clearing Operations and Risk Management functions through surveillance, measuring and other suitable means.

The greatest risk within clearing operations is the risk that one or more clearing counterparties will not fulfill their obligations. The ability to manage this risk depends on several factors, such as control of the clearing operations, control that collateral is pledged, proactive risk management, a solid legal framework and financial strength.

It is important to note that even if each clearing counterparty has rights to and receives benefits from the clearing services, they also shoulder counterparty responsibility for liabilities. One of the clearing counterparties' primary obligations is to provide the required collateral, both in regard to amount and type, in agreement with the respective rules and regulations, as a safeguard for the counterparty risk that has been taken.

In addition to the collateral that is provided, a policy, instructions, rules and regulations and routines have also been established in order to ensure that these risks are adequately managed.

For more information on operating risks, see the sensitivity analysis below.

OM Technology

Business areas within the OM Technology division provide systems solutions, systems operations and other services for exchanges,

clearing organizations and other financial and energy market institutions. The specific risks contained within OM Technology relate primarily to the different phases in providing a service. These are the sales phase, delivery and implementation phase and production phase.

The sales phase includes risks such as loss of earnings and exchange rate risks. Risks are managed by each business area although they are coordinated and supported by business controllers and centralized functions.

Operational risks, credit risks and quality aspects are managed during the implementation and delivery phases, as well as in the production phase. As mentioned above, risks are managed within each business area and unit, and coordinated centrally, as well as credit risks related to business controller functions that monitor, measure and handle such risks.

For more information on the operational risks in OM Technology's operations, see the sensitivity analysis below.

SENSITIVITY ANALYSIS

HEX Integrated Markets

Trading revenue

During the fourth quarter 2003, 57 percent of HEX Integrated Markets' trading revenue derived from equity (cash) trading and 43 percent from trading and clearing of derivative products. Trading revenue is generated primarily within the Cash Markets, Derivatives Markets and Baltic Operations business areas.

For trading revenue from equity trading, the two most important parameters are the value of equity turnover and the number of equity transactions. A 1 percent change in value of the average daily equity trading volume would, on an annual basis (assuming an unchanged number of transactions) have an SEK +/- 3.2 m effect, calculated on trading levels in 2003.

As regards revenue from trading and clearing derivative products, the two most important parameters are the number of derivative contracts traded and the size of option premiums. A change in the average daily derivatives turnover of 1 000 contracts would, on an annual basis (assuming an unchanged average option premium and product mix), have an SEK +/- 2.3 m effect calculated based on trading levels in 2003.

Issuers' revenue

Issuers' revenue is derived from fees paid by companies listed on the exchange and is directly related to the market capitalization of the companies. Issuer's revenue is generated in the Cash Markets and Baltic Operations business areas. A ten-percent change in the total market capitalization on HEX Integrated Markets would have a SEK +/- 4.7 m effect on issuers' revenue, calculated on an annual basis from the 2003 level based on operations carried out during the year.

Information revenue

HEX Integrated Markets sells trading information to just over 100 companies that disseminate it to a large number of end users. Information revenue is generated within the Cash Markets and Baltic Operations business areas. Information dissemination is invoiced in arrears, and the size of fees varies according to the number of end users.

CSD revenue

CSD revenue is mainly derived from APK (the Finnish Central Securities Depository) and is generated within the Settlement & Depository and Baltic Operations business units. The main sources of CSD revenue and their percentage of revenue are as follows:

- Clearing (13 percent). The most important parameter is the

- number of equity transactions on Helsinki Exchanges.
- Equity settlement and depository (36 percent). The most important parameters are the market value of the securities held in custody and the number of book-entry accounts.
- Money-market clearing and settlement (14 percent). The most important parameter is the market value of the securities held in custody.
- Ownership information maintenance and information sales (37 percent). The most important parameters are the number of customers, the number of book-entry accounts and the number of requests for information.

Other revenue

Other revenue includes mainly training revenue and interest on collateral pledged by members of OM London Exchange.

OM Technology – Revenue sources

License, support and project revenue

License, support and project revenue from the systems solutions developed and sold by OM Technology arises primarily within the Financial Markets business area and to some extent in Banks & Brokers.

After OM Technology has developed and sold a systems solution, the customer licenses the right to use the software. Each project involves individual adaptations to the specific requirements of the customer relating to functionality and capacity. This involves development, testing and installation work, all of which generate project revenue that is invoiced continually according to the degree of completion. When OM Technology provides a systems solution, it undertakes to continually upgrade, develop and maintain the solution, for which it receives recurring support revenue.

With regard to major system solutions for market participants such as exchanges and clearing organizations, license and project revenue is mostly fixed and is paid in relation to the degree of completion. Support revenue is mainly fixed and contracts usually run for five years. A certain portion of license revenue is also recurring, and contracts run for a longer period. As regards systems solutions for market participants such as banks and brokerage firms, license fees are primarily variable and revenue is recognized on an ongoing basis, while project revenue is recognized in relation to the degree of completion. Support revenue from this type of customer is mainly variable and recognized on an ongoing basis.

Revenue from Facility Management Services

Facility Management services are those where OM Technology is responsible for the continuous support of a systems platform for a customer, for which it receives recurring support revenue within its Global Services and Banks & Brokers business areas. Revenue from Facility Management Services can be both fixed and volume-based. Contract times vary between one and seven years.

Other revenue

Other revenue from technology operations consists primarily of trading and clearing revenue from the energy exchanges NGX and UKPX, as well as some resale of third-party products and hosting revenue and other sales that cannot be classified together with the revenue sources above.

NOTE 25. ACCRUED EXPENSES AND PREPAID INCOME

SEK m	Group		Parent Company	
	2003	2002	2003	2002
Personnel expenses	135	67	12	8
Systems sales ¹⁾	55	97	-	-
Facility Management ¹⁾	16	23	-	-
Issuers' fees ²⁾	53	48	-	-
Other prepaid income	108	2	-	-
Other	190	179	25	39
TOTAL	491	416	37	47

¹⁾ Customer invoicing terms for projects are usually set within a contract and it is not uncommon that payments do not correspond to work carried out at a given time. Work that has been invoiced, but not yet carried out, is treated as a liability to the customer. During the period when the work to which the invoice relates is carried out, this liability is re-booked as revenue.

²⁾ Relates to listing fees paid by companies listed on Stockholmsbörsen. These fees are paid quarterly in advance and are based on the average market capitalization of a company over the preceding 12-month period.

NOTE 26. DUE DATES FOR RECEIVABLES AND LIABILITIES

GROUP

SEK m	Within 12 months	Within 2-5 years	After 5 years	TOTAL
Other long-term receivables	0	164	63	227
Accounts receivable	335	-	-	335
Receivables from associated companies	-	44	-	44
Other receivables	177	7	-	184
Prepaid expenses and accrued income	563	127	-	690
Convertible debentures	-55	-	-	-55
Other long-term liabilities	-	-400	-	-400
Liabilities to credit institutions ¹⁾	-1 600	-	-	-1 600
Accounts payable	-120	-	-	-120
Tax liabilities	-12	-	-	-12
Other liabilities	-91	-	-15	-106
Accrued expenses and prepaid income	-490	-	-1	-491
TOTAL	-1 293	-58	47	-1 304

¹⁾ Of which SEK 1 389 m relates to the distribution of the commercial paper certification program.

PARENT COMPANY

SEK m	Within 12 months	Within 2-5 years	After 5 years	TOTAL
Other long-term receivables	-	-	-	0
Receivables from Group companies	507	39	-	546
Receivables from associated companies	-	-	-	0
Other receivables	18	-	-	18
Prepaid expenses and accrued income	24	8	-	32
Convertible debentures	-55	-	-	-55
Other long-term liabilities	-	-400	-	-400
Liabilities to credit institutions ¹⁾	-1 389	-	-	-1 389
Accounts payable	-4	-	-	-4
Liabilities to Group companies	-3	-418	-	-421
Tax liabilities	-27	-	-	-27
Other liabilities	0	-	-	0
Accrued expenses and prepaid income	-37	-	-	-37
TOTAL	-966	-771	-	-1 737

¹⁾ Refers to the commercial paper certification program.

NOTE 27. OTHER INTEREST-BEARING AND NON-INTEREST-BEARING RECEIVABLES AND LIABILITIES

OTHER INTEREST-BEARING AND NON-INTEREST-BEARING RECEIVABLES AND LIABILITIES

SEK m	Group 2003			Parent company 2003		
	Inte- rest- bearing	Non- inter- bearing	Total	Inte- rest- bearing	Non- inter- bearing	Total
Financial fixed assets	-	741	741	-	5 063	5 063
Other long-term receivables	83	144	227	-	-	-
Short-term receivables	1	1 208	1 209	-	596	596
Short-term investments	1 012	-	1 012	-	-	-
Cash and bank	350	-	350	1	-	1
Long-term liabilities	-400	-1	-401	-400	-	-400
Short-term liabilities	-1 659	-725	-2 384	-1 444	-489	-1 933
RECEIVABLES AND LIABILITIES, NET	-613	1 367	754	-1 843	5 170	3 327

NOTE 28. COLLATERAL PLEDGED TO OMHEX'S EXCHANGE OPERATIONS

Through its clearing operations, the company below is a counterparty in every options and futures contract and thereby guarantees the fulfillment of each contract. Customers who, through an options or futures contract, take on an obligation toward OMHEX, must pledge collateral for the obligation according to special rules for this.

PLEDGED COLLATERAL TO EXCHANGE OPERATIONS, GROUP

Company	2003	2002
Stockholmsbörsen	5 990	5 116
OM London Exchange	2 882	1 669
Helsinki Securities and Derivatives Exchange, Clearing House Ltd	1 901	-
A/s Rigas Fondur Birza	1	-
AS Tallinna Börs	3	-
TOTAL	10 777	6 785

NOTE 29. PLEDGED COLLATERAL

PLEDGED COLLATERAL, GROUP

Company	2003	2002	
OM HEX AB	-	14	Hedging of employee stock option program
OM Treasury AB	42	47	Leasehold deposit
OM Technology Pty Ltd	3	-	Leasehold deposit
OM Technology Ltd (Hong Kong)	1	-	Leasehold deposit
Helsinki Securities and Derivatives Exchange, Clearing House Ltd	10	-	Liquidity guarantee HEX Clearing
HEX Securities Services Ltd OY ¹⁾	33	-	Liquid assets pledged as collateral
HEX Back Office and Custody Services OY ¹⁾	21	-	Liquid assets pledged as collateral
Finnish Central Securities Depository Ltd ¹⁾	15	-	Liquid assets pledged as collateral
TOTAL	125	61	

¹⁾ Relates to pledged collateral for the right to act as the Swedish equivalent of the account-operating institution.

NOTE 30. CONTINGENT LIABILITIES

CONTINGENT LIABILITIES, GROUP

Company	2003	2002
OM HEX AB ¹⁾	528	874
OM Technology AB	-	37
TOTAL	528	911

¹⁾ Through its clearing operations, OMHEX's exchange operations act as a counterparty in each transaction and thereby guarantee the fulfillment of each contract. As collateral for these obligations, the operations have obtained a bank guarantee, which in turn is guaranteed by OM HEX AB. In addition to this, guarantees have been pledged for the fulfillment of obligations for leasing contracts.

In addition to the items above, there are general Parent Company guarantees for wholly owned subsidiaries of OM HEX AB, of which SEK 200 m had been utilized at December 31, 2003.

NOTE 31. EARNINGS PER SHARE

EARNINGS PER SHARE BEFORE DILUTION

SEK m	2003	2002	2001
Net income/loss for the year	-431	-71	-25
Average number of shares outstanding	99 737 658	84 040 868	84 037 865
Earnings per share	-4.33	-0.85	-0.30

EARNINGS PER SHARE AFTER DILUTION

SEK m	2003	2002	2001
Net income/loss for the year	-431	-71	-25
Interest on convertible debentures after tax	1.4	1.5	1
Net income/loss for the year after full conversion	-430	-69.5	-24
Average number of shares after full conversion and with full utilization of options ¹⁾	100 644 536	84 818 818	84 818 818
Earnings per share	-4.33	-0.85	-0.30

¹⁾ Potential ordinary shares do not have a dilution effect when their conversion into ordinary shares increases the profit or loss per share, or if the average share price during the year has been lower than the current subscription price. Calculation of the average share price is based on the price on the last trading day of every month. For additional information regarding OM's employee stock options (no dilution), convertible loans and warrants, see Note 6.

During 2003, earnings per share were affected negatively by restructuring costs of SEK 5.73 m as well as the impact, amounting to SEK 1.00, of the creation of EDX London. Excluding items affecting comparability, earnings per share came to SEK 0.40

CHANGES IN THE AVERAGE NUMBER OF SHARES

	2003	2002	2001
Number of shares outstanding at start of year	84 041 118	84 040 118	84 034 618
New issues	31 505 897		
Conversion of convertibles	-	1 000	1 500
Exercise of options	-	-	4 000
Number of shares outstanding at year-end	115 547 015	84 041 118	84 040 118

NOTE 32. CASH FLOW

FINANCIAL ITEMS WITH AN IMPACT ON CASH FLOW

SEK m	Group		Parent company	
	2003	2002	2003	2002
Other interest income and similar income items				
Dividends	0	22	0	1
Interest	84	86	4	5
Exchange-rate differences	0	-	1	5
Total	84	108	5	11
Interest expenses and similar income items				
Interest	-126	-135	-21	-26
Interest - Group	-	-	0	-41
Exchange-rate differences	-3	-11	-33	-
Other	1	0	-	-
Total	-128	-146	-54	-67
TOTAL FINANCIAL ITEMS	-44	-38	-49	-56

CASH FLOW FROM ACQUISITIONS AND DISPOSALS

During the year, the acquisition of HEX Integrated Markets Ltd. took place. Acquisitions from previous years relate to the acquisition of Energy Point AS and the remaining 50 percent of Power Clearing System AS.

CASH FLOWS FROM ACQUISITIONS

SEK m	Group	
	2003	2002
Intangible fixed assets	1 791	56
Tangible fixed assets	73	1
Financial fixed assets	111	0
Receivables	209	2
Liquid assets	271	59
Long-term liabilities	-200	0
Short-term liabilities	-109	-16
Minority interests	-10	-
Total purchase sum	2 136	102
Less: liquid assets in acquired companies	-72	-
Less: payment with own shares	-1 954	-
Total of settled purchase price	-110	-102
Liquid assets in acquired companies	270	59
CASH FLOW FROM ACQUISITION	160	-43

During 2003, OM Kapital AB was divested. The divestment price for the company totaled SEK 283 000. Shareholders' equity in the company totaled SEK 303 000.

ITEMS NOT AFFECTING CASH FLOW

In the table above regarding cash flow from acquisitions and divestments, changes in the company's asset structure related to acquisition are accounted for. Other transactions related to investment and financing operations that do not give rise to payments, despite the fact that they impact the company's capital and asset structure, are listed in the table below.

OTHER TRANSACTIONS RELATED TO INVESTMENT AND FINANCING OPERATIONS

SEK m	Group		Parent Company	
	2003	2002	2003	2002
Investment operations				
Depreciation	374	323	2	3
Write-downs of other tangible assets	202	50	-	-
Write-downs of tangible assets	25	8	-	-
Increase in deferred tax receivables	158	-62	51	-76
Increase in deferred tax liabilities	51	58	-	-
Write-down of shareholders' equity in NLK AB	-	300	-	-
Change in the provision for loss risks related to hedging of OMHEX's employee stock option program	-	294	-	294

LIQUIDITY AND FINANCING

Interest-bearing net assets had a deficit value of SEK 613 m (negative: 669) at the end of the reporting period. OM's interest-bearing financial assets totaled SEK 1 446 m (1 389), of which SEK 84 m (109) represented financial fixed assets.

Interest-bearing financial liabilities totaled SEK 2 654 m (3 700), of which SEK 400 m (56) was long-term.

Agreed credit facilities amounted to SEK 2 654 m (3 700), of which SEK 2 054 m (2 049) was utilized. Liquid assets equaled SEK 1 362 m (1 275) and consisted of short-term investments and cash and bank balances. SEK 79 m is included in liquid assets that

are not available to the Group. Liquid assets comprise short-term investments, in addition to cash and bank balances. Investments with high liquidity and lifetimes longer than three months are included, since these securities can be readily turned into cash.

NOTE 33. EVENTS SUBSEQUENT TO ACCOUNTING YEAR-END

Neither the Group nor the Parent Company has received information after the balance sheet date regarding conditions that existed at the balance sheet date and that had a significant impact on income and the financial position in 2003.

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Stockholm, February 25, 2004



Olof Stenhammar

Chairman



Adine Grate Axén



Gunnar Brock



Thomas Franzén



Bengt Halse



Timo Ihamuotila



Markku Pohjola



Tarmo Korpela



Mikael Lilius



Magnus Böcker

President and CEO

We submitted our audit report on February 25, 2004



Peter Clemedtson

Authorized Public Accountant



Björn Fernström

Authorized Public Accountant

Audit report

To the General Meeting of the shareholders of OM HEX AB (publ)
Corporate identity number 556243-8001

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of OM HEX AB (publ) for the financial year 2003. These accounts and the administration of the company are the responsibility of the Board of Directors and the President. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the 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. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the President. We also examined whether any Board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

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

We recommend to the General Meeting of shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit for the Parent Company be dealt with in accordance with the proposal in the administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, February 25, 2004



Peter Clemedtson

Authorized Public Accountant



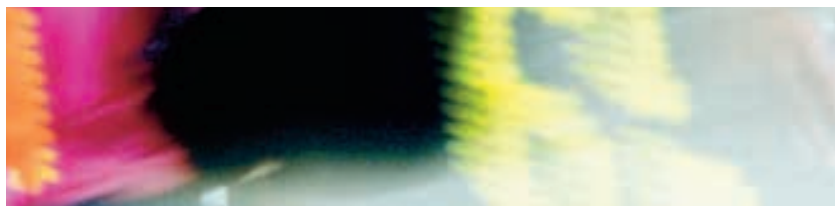
Björn Fernström

Authorized Public Accountant

Board of directors



Standing: Markku Pohjola, Thomas Franzén, Gunnar Brock, Bengt Halse, Timo Ihamuotila, Mikael Lilius.
Sitting: Adine Grate Axén, Olof Stenhammar, Tarmo Korpela.



OLOF STENHAMMAR

Born in 1941. Chairman of the OMHEX Board. Member of the Board since 1984. Dr. Econ. h.c. Chairman of the Board of AB Ratos, AB Basen, Olympialaget Våga Vinn, Åre 2007, Stiftelsen Mentor Sverige and Hela Programmet AB. Board member of Ledstjärnan AB, Ljungberggruppen AB, the Swedish Sea Rescue Society and the Stockholm School of Economics Advisory Board. Member of SNS Board of Trustees and the Stockholm Chamber of Commerce. Shareholding in OMHEX: 3 017 590 shares (including companies).

ADINE GRATE AXÉN

Born in 1961. Member of the Board since 2002. Director of Investor AB. Board member of Grand Group AB and Hi3G Access AB. Member of the Securities Council and the Industry and Commerce Stock Exchange Committee. Shareholding in OMHEX: 0.

GUNNAR BROCK

Born in 1950. Member of the Board since 2001. President and CEO of Atlas Copco AB, Board member of Atlas Copco AB and Lego AS. Member of the Royal Swedish Academy of Engineering Sciences (IVA). Shareholding in OMHEX: 2 000 shares.

THOMAS FRANZÉN

Born in 1945. Member of the Board since 1997. Ph.D in Economics. Director General of the Swedish National Debt Office. Chairman of the Board of The Premium Pension Authority (PPM). Chairman of the Board of the Swedish National Debt Office. Member of the Board of HEX Integrated Markets. Shareholding in OMHEX: 0.

BENGT HALSE

Born in 1943. Member of the Board since 2003. Dr. Eng. h.c. from the University of Linköping. Chairman of the Board of Teleca AB. Chairman of the Board of ACARE (Advisory Council for Aeronautics Research in Europe). Member of the Royal Swedish Academy of Engineering Sciences (IVA) and the Royal Swedish Academy of War Sciences. Honorary Fellow of the Royal Aeronautical Society in Great Britain. Shareholding in OMHEX: 5 000 shares.

TIMO IHAMUOTILA

Born in 1966. Member of the Board since 2003. Vice President Finance, Nokia Corporation. Chairman of the Board of the Nokia Pension Foundation. Shareholding in OMHEX: 0.

TARMO KORPELA

Born in 1942. Member of the Board since 2003. Chairman of the Finnvera Oyj Board and member of the Supervisory Board 1998 - 2003. Chairman of the Board of OKR-Issuers Cooperative. Shareholding in OMHEX: 0.

MIKAEL LILIUS

Born in 1949. Member of the Board since 2003. President and CEO of Fortum Corporation. Member of the Board of Ahlstrom Corporation, Huhtamäki Oyj, Hafslund ASA and RAO Lenenergo. Shareholding in OMHEX: 0.

MARKKU POHJOLA

Born in 1948. Member of the Board since 2003. Deputy Group CEO, Head of Group Processing and Technology of Nordea Bank AB (publ). CEO of Nordea Bank Finland Plc. Member of Group Executive Management of Nordea Bank AB (publ). Member of the Board of Directors of Nordea Bank Finland, Nordea Bank Sweden, Nordea Bank Denmark and Nordea Bank Norway. Member of the Board of the pension insurance company Warma. Member of the Board of the Finnish chapter of the International Chamber of Commerce (ICC). Shareholding in OMHEX: 0.



Board of Directors' work, Nominating Committee, auditors, etc.

During the year, the Board held 28 meetings. Special attention was given to the following issues:

- Merger between OM and HEX
- Organization and management issues
- Cost-efficiency program and measures
- Auditing and accounting issues
- Financial reporting and financial management of subsidiaries
- Remuneration issues
- Capital and financing issues
- Acquisitions and divestments
- Branding issues

There are two committees specifically linked to the Board: the Audit Committee and the Remuneration Committee.

Audit Committee

The Audit Committee supports the Board in issues regarding internal and external control. Their tasks include maintaining continuous contact with auditors and OMHEX's corporate controller, establishing routines for internal auditing and ensuring that the auditors and controllers' recommendations, findings, observations and suggestions are followed.

The committee had a particular focus on the following issues: management and control practices, accounting of the employee stock option program, accounting principles for valuating specific assets, Group risk management, organization of the Group's internal audit, accounting issues, supervising the auditors' independence, principles for financial information, Stockholmsbörsen's operational risks, financing issues and reporting regarding current disputes. During the year, the Audit Committee had seven meetings. Members were: Adine Grate Axén (chair) and Timo Ihamuotila.

Remuneration Committee

The Remuneration Committee supports Board decisions regarding salaries and remuneration for the President and CEO and deputy CEO among others, suggests remuneration for the Board members in the companies within the

Group that the Board has identified and makes recommendations regarding remuneration principles, benefits and other types of remuneration for OMHEX employees.

During the year the Remuneration Committee held 13 meetings. Members were Olof Stenhammar (Chairman), Adine Grate Axén and Markku Pohjola. Bengt Rydén left the committee in March and was replaced by Bengt Halse, who in turn left the committee in September and was replaced by Markku Pohjola.

Nominating Committee

Prior to the Annual General Meeting 2004, the largest shareholders in the company in consultation with the Chairman appointed a nominating committee comprising: Eva Halvarsson (Director, Ministry of Industry, Employment & Communications), Olli-Pekka Kallasvuo (Executive Vice President & General Manager Mobile Phones Nokia), Tom Ruud, (Head of Corporate & Institutional Banking Nordea), Olof Stenhammar (Chairman, OM HEX AB, convener) and Marcus Wallenberg (President, Investor AB).

Auditors

Permanent Peter Clemedtson
Authorized Public Accountant
Born in 1956
PricewaterhouseCoopers AB

Björn Fernström
Authorized Public Accountant
Born in 1950
Ernst & Young AB

Deputies Per Hedström
Authorized Public Accountant
Born in 1964
Ernst & Young AB

Bo Hjalmarsson
Authorized Public Accountant
Born in 1960
PricewaterhouseCoopers AB

Executive Committee



Top row: Magnus Böcker, Jukka Ruuska. Bottom row: Klas Ståhl, Per Nordberg, Anders Reveman.

MAGNUS BÖCKER

CEO and President of OM HEX AB. Born in 1961. Employed since 1986. Shareholding in OMHEX: 104 726 shares, 43 400 warrants, 2 000 convertible debentures and 263 000 employee stock options.

JUKKA RUUSKA

Vice President and Head of HEX Integrated Markets. Born in 1961. Employed by HEX since 2000. Shareholding in OMHEX: 15 000 shares and 8 000 warrants.

KLAS STÅHL

Head of OM Technology. Born in 1953. Employed since 2003. Shareholding in OMHEX: 5 200 shares and 8 000 warrants.

PER NORDBERG

Chief Financial Officer (CFO). Born in 1956. Employed since 2002. Shareholding in OMHEX: 4 000 shares, 5 000 warrants and 10 000 employee stock options.

ANDERS REVEMAN

Chief Strategy Officer (CSO). Born in 1944. Employed since 2000. Shareholding in OMHEX: 1 000 shares, 5 000 warrants and 50 000 employee stock options.



Ten-year development summary

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
INCOME										
Net sales (operating revenue)	2 686	2 640	3 072	3 152	1 954	1 567	968	626	567	600
of which own work capitalized	86	80	–	–	–	–	–	–	–	–
Revenue growth, per year, %	2	-14	-3	61	25	62	55	10	-5	39
Operating expenses before depreciation and items affecting comparability	-2 220	-2 247	-2 718	-2 235	-1 265	-1 087	-650	-426	-337	-326
Depreciation	-374*	-328*	-583*	-229	-169	-105	-37	-28	-20	-17
Items affecting comparability	-562	-132	-481	5	–	–	–	20	–	–
Share of associated companies' income	21	38	33	10	3	–	34	–	–	–
Operating income	-449	-24	-453	703	523	375	315	192	210	257
Operating margin, %	-17	-1	-15	22	27	24	33	31	37	43
Net financial items	-23	-32	-16	40	80	105	84	150	163	75
Income after financial items	-472	-56	-469	743	603	480	399	342	373	332
Minority interests	0	0	211	114	-8	-5	-3	–	–	–
Earnings/loss per share	-4.33	-0.85	-0.30	8.69	5.30	4.55	14.16	12.15	14.35	37.45
CAPITAL										
Total assets	6 746	4 920	5 985	5 505	4 123	3 486	2 309	1 803	1 773	1 764
Capital employed	5 588	4 075	4 389	3 811	3 337	2 837	1 636	1 507	1 373	1 332
Shareholders' equity	3 533	2 017	2 257	2 986	2 808	2 740	1 613	1 479	1 354	1 134
Equity/assets ratio	52	41	37	55	68	79	70	82	76	64
Investments in equipment	84	75	409	336	100	79	44	42	65	22
Investments in R&D	221	254	394	608	248	133	83	64	51	33
of which expensed	76	146	289	287	175	87	83	64	51	33
RETURN ON CAPITAL										
Return on shareholders' equity	-16	-3	-1	25	16	14	20	21	27	28
Return on capital employed	-7	2	-8	25	20	22	27	23	28	26
EMPLOYEES										
Average number of employees	1 682	1 677	1 516	1 242	805	507	303	243	193	174
Total payroll expenses	1 206	1 171	1 148	909	544	352	224	165	143	142

* including write-downs

DEFINITIONS

Operating margin – Operating income as a percentage of operating revenue.

Earnings per share – Net profit (income after tax) divided by average number of shares.

Equity/assets ratio – Shareholders' equity as a percentage of total assets.

Return on shareholders' equity – Net profit (income after tax) as a percentage of average shareholders' equity.

Capital employed – Total assets less non-interest-bearing liabilities including deferred tax liabilities.

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

Income statement – last eight quarters

	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
	2003	2003	2003	2003	2002	2002	2002	2002
Net sales, of which	750	729	595	612	644	580	713	703
Own work capitalized	8	22	27	29	27	25	22	6
TOTAL REVENUE	750	729	595	612	644	580	713	703
External expenses								
Premises	-54	-52	-52	-50	-60	-52	-49	-59
Marketing expenses	-13	-9	-10	-9	-17	-10	-13	-14
Consultancy expenses	-65	-55	-61	-61	-67	-57	-71	-94
Operational and maintenance expenses, IT	-84	-85	-61	-54	-63	-58	-75	-76
Other external expenses	-66	-67	-56	-50	-59	-53	-69	-60
Personnel expenses	-303	-311	-293	-299	-288	-288	-305	-290
Depreciation	-57	-60	-45	-42	-48	-51	-50	-45
Amortization, goodwill	-53	-51	-33	-33	-33	-32	-32	-32
Items affecting comparability	-38	-	-524	-	-75	-22	-35	-
TOTAL OPERATING EXPENSES	-733	-690	-1 135	-598	-710	-623	-699	-670
Participation in associated companies' income	2	6	5	8	10	9	9	9
OPERATING INCOME	19	45	-535	22	-56	-34	23	42
Financial items	-9	-6	3	-11	-11	-13	9	-16
INCOME AFTER FINANCIAL ITEMS	10	39	-532	11	-67	-47	32	26
Tax	0	-23	67	-3	-2	0	-7	-6
NET INCOME	10	16	-465	8	-69	-47	25	20
Number of shares, millions	115.547	115.321	84.041	84.041	84.041	84.041	84.041	84.041
Number of shares, millions, after full conversion	116.325	116.099	84.819	84.819	84.819	84.819	84.819	84.819
Earnings/loss per share, SEK	0.08	0.14	-5.53	0.09	-0.82	-0.56	0.30	0.23
Earnings/loss per share, SEK after full conversion	0.08	0.14	-5.53	0.09	-0.82	-0.56	0.30	0.23

Glossary

ASP (APPLICATION SERVICE PROVIDER)

Outsourcing of development and maintenance of IT applications, as well as operation and storage of hardware.

TRADE

When a buyer and a seller agree on a transaction and a price for the transaction. All trading at OMHEX exchanges is carried out electronically through OMHEX systems solutions.

SETTLEMENT

The name of the series of administrative processes that must be carried out to complete a transaction, such as delivery of securities and payment, as well as for documentation.

BACK OFFICE FOR HIRE

An OMHEX service that makes it possible for banks and brokerage firms to outsource a part of their administrative operations.

BETA

A measurement of risk that shows the sensitivity of a stock to market fluctuations compared to the exchange as a whole over a certain period of time. A beta greater than 1 indicates that the stock price varies more than the average of all of the stocks on the exchange.

BSP (BUSINESS SERVICE PROVIDER)

A supplier of tailor-made IT applications and outsourcing of both operational and electronic administration.

CLEARING/CENTRAL COUNTERPARTY CLEARING (CCP)

Clearing originally meant compiling and usually offsetting claims and counter claims between buyers and sellers. At OMHEX exchanges and clearing organizations, it also means entering as a counterparty in a securities transaction, whereby the clearing organization becomes the new buyer vis-à-vis the original seller and the new seller vis-à-vis the original buyer. The term central counterparty clearing, or CCP, is usually used when introducing central counterparty clearing functionality in stock trading. Clearing operations are normally subject to legal authorization.

CENTRAL SECURITIES DEPOSITORY (CSD)

Companies that acquire or provide an account-based system for the registration of securities holdings, or both. The main task of a CSD is to manage shareholder registers and related administration including dividend payments and ownership transfer documentation. The Swedish central securities depository (VPC) is an example of a CSD.

DERIVATIVE

A security or financial instrument the value of which is dependent on the performance of an underlying asset, for example, equities. The most common examples are futures, options and forwards, but swaps and warrants are usually included in this category.

ISSUER

A company whose shares are listed on an exchange.

FACILITY MANAGEMENT SERVICES (FMS)

Outsourcing of functions and operational services, e.g. to an exchange. In an FMS contract, OMHEX assumes responsibility for operations, which means that the customer does not have to develop IT expertise.

INTEGRATED SOLUTIONS

Technical solutions that bring transaction processes and participants together, both internally and externally.

LIQUIDITY

The name for the scope of trading, or the availability of buyers and sellers of a security such as an equity.

MARKET PARTICIPANTS

Normally banks and brokerage firms that act directly in a marketplace. End customers are called investors.

MARKETPLACE OPERATOR

Owners and operators of central infrastructure, such as central marketplaces (exchanges), clearing organizations or central securities depositories (CSDs).

COUNTERPARTY RISK/DEFAULT RISK

The risk that a counterparty in a transaction will be unable to fulfill their obligations.

OPERATIONAL RISKS

The risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risks are defined as personnel risks, physical risks, information risks, administrative risks, IT risks and legal or political risks.

OPTION

A financial instrument that gives the option holder the right, but not the obligation, to purchase (call option) or sell (put option) an underlying asset for a predetermined price at a certain point in time. The writer of an option has the corresponding obligation to sell or buy the asset in question. See derivatives.

OVER THE COUNTER (OTC)

OTC trading is normally defined as trading that takes place outside of an exchange (off-exchange).

SWAP TRANSACTION

A transaction for the exchange of payment flows between two parties e.g. fixed for variable interest rates (interest rate swap), or payment in one currency for another (currency swap). See derivatives.

FUTURES AND FORWARDS

A contract between two parties to purchase an asset with delivery and payment fixed on a future date. The difference between futures and forwards is that the market value of futures contracts is normally adjusted daily. The term forwards is often used to describe instruments traded off-exchange. See derivatives.

VOLATILITY

A measurement of risk that shows the extent of changes in the price of a stock over a certain period. Volatility is expressed in percent and measured using the standard deviation of a price change in a stock.

WARRANTS

Normally, long call options issued by banks. See derivatives.



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